

# The Incorporated Accountants' Journal

The Official Organ of  
The Society of Incorporated Accountants and Auditors

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## Contents.

	PAGE
Professional Notes	341
Shares of Missing Beneficiaries (Article)	344
The New Local Government Act (Article)	345
Incorporated Accountants' Course	347
Dismissal of Action against Auditors for Negligence	347
Institute of Municipal Treasurers and Accountants Annual Meeting	349
Patent Renewal Fees and Income Tax	351
Charges for Telegraphic Addresses	351
Action against Accountants for Negligence	352
Forthcoming Events	352
Arbitration Act, 1934	352
Local Authority Audit Regulations	356
The Society of Incorporated Accountants and Auditors:—	
South African Western Branch, Annual Meeting	357
Examination Results	362
Membership	371
Apportionments in Relation to Executorship Accounts:—	
Lecture by Mr. W. R. Booth, A.S.A.A.	357
Questions in Parliament	361
Obituary	361
Reviews	370
The Incorporated Accountants' Golfing Society	371
Partnership Accounts: Lecture by Mr. W. W. Bigg, F.S.A.A.	372
Changes and Removals	377
District Societies of Incorporated Accountants	377
The Public Trustee's Report	385
Scottish Notes	386
Legal Notes	386

Mr. Ernest Sinnott, Middleton (Lancs.) gained the First Place Certificate and Prize in the Intermediate examination. The Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Place Certificates were awarded respectively to Mr. Ronald Wallace Keene, London; Mr. John Alexander MacKerrell, Dundee; Mr. Reginald Clifford Methold, Worthing; Mr. Duncan Charles Macrae, Birmingham; Mr. William Edward Rushforth, Wigan; Mr. William Kirkland, Glasgow; and Mr. Wilfred Clarence Sproson, Wolverhampton. There were 478 candidates for this examination, of whom 48 per cent. passed.

In the Preliminary examination, 55 per cent. of the 141 candidates were successful, and four took Honours. The First Place Certificate and Prize was awarded to Mr. Percival Albert Hollings, Cambridge; the Second Place Certificate to Mr. Norman Stovold, London; the Third Place Certificate to Mr. Edward Vincent Donnelly, Chester; and the Fourth Place Certificate to Mr. John Edgar Richardson, Belfast.

In connection with the Incorporated Accountants' Course at Gonville and Caius College, Cambridge, which commences on July 4th, the Society has issued to those attending the Course a neat little hand-book giving full particulars of the arrangements together with a photograph and plan of the College and a short sketch of its history. Following the opening meeting, at which the visitors will be welcomed by the Vice-Chancellor of the University, Mr. J. F. Cameron, M.A. (Master of the College), a series of lectures and discussions will take place. These will be interspersed with social functions, informal visits to other colleges, and various forms of recreation.

## Professional Notes.

THE results of the examinations held by the Society of Incorporated Accountants in the month of May last are published in this issue. There were nearly a thousand candidates for the three examinations, of whom 47 per cent. satisfied the examiners and 53 per cent. failed. In the Final examination, for which 377 candidates sat, the percentage of passes was only 42 per cent., four candidates taking Honours. Mr. Arthur Edward Langton, LL.B., London, was awarded the First Certificate of Merit, but was disqualified by the age limit from receiving a prize. Prizes were awarded to the second and third candidates, Mr. Derek Oswald Bailey, London, and Mr. William Harry Greenfield Cocks, Maidstone. Mr. Arthur Wilson, Leeds, obtained the Fourth Certificate of Merit.

**Mr. Arthur E. Cutforth, C.B.E.**, of the firm of Deloitte, Plender, Griffiths & Co., has been elected President of the Institute of Chartered Accountants in England and Wales, and Mr. Roger N. Carter, of the firm of Carter, Chaloner and Kearns, has been elected Vice-President. Mr. Cutforth has been a member of the Council of the Institute since 1923, and Mr. Carter since 1918.

We publish this month the text of the new Arbitration Act which will come into force on January 1st, 1935. The Act contains some important alterations of the law relating to arbitrations, including a provision that the authority of an arbitrator shall not be revoked by the death of the party by whom he was appointed, and that an arbitration agreement shall not be discharged by the death of any party thereto. Another provision is that, in the case of a bankruptcy, if the trustee of the bankrupt adopts a contract containing an arbitration clause—which presumably means if he does not disclaim the contract—it shall be enforceable by or against him.

There are several new provisions with regard to the appointment and powers of arbitrators and umpires. If the reference is to two arbitrators under the provisions of the first Schedule of the principal Act (which apply unless expressly excluded), they are required to appoint an umpire immediately after they themselves are appointed, and on the application of any party to the reference and notwithstanding anything to the contrary in the arbitration agreement, the Court may order that the umpire shall enter on the reference in lieu of the arbitrators as if he were a sole arbitrator. Another amendment of Schedule I is that the arbitrators or umpire may make an interim award.

The fees of arbitrators and umpires are to be subject to taxation on application to the Court for that purpose, and if an arbitrator or umpire refuses to deliver his award except on payment of his fees, the amount of the fees demanded may be paid into Court pending taxation, and any balance not allowed by the taxing officer is to be repaid to the applicant. The Act is not to apply to any arbitration which has been commenced before the Act comes into operation, and an arbitration is to be deemed to commence when one party to the agreement serves the other party with a notice requiring him to appoint an arbitrator.

In Committee on the Finance Bill a proposal was made to insert a new clause which would have the effect of restoring the reliefs to income

tax payers which were abolished by the emergency Budget of 1931. The reply on behalf of the Government was that these allowances affected only a limited number of persons, whereas the standard rate which had been reduced affected all income tax payers, and that it was only possible to make restitution of some of the sacrifices made in that year. It was pointed out that the system of allowances and reliefs was so generous that of the 8,000,000 people whose incomes came within the income tax limit, 4,500,000 were exempt from tax altogether.

Another proposal to apply the housekeeper allowance to a person acting in the capacity of housekeeper to an unmarried man or woman was rejected, as was also a clause proposing to abolish Excise duty on male servants. Regarding the latter it was pointed out that the tax was not one that fell into the Exchequer at all but into the County Councils and County Borough Councils, and the Chancellor of the Exchequer said he thought that the only way of dealing with it would be when the time came for re-consideration of the block grant in 1937.

A new clause was moved with the object of abolishing the Entertainments Tax on seats priced at 6d. and downwards. Mr. Chamberlain expressed sympathy with the proposal and indicated that he might be able to do something next year. Meantime, he said, it might be some comfort to cinema proprietors if he said that he considered they were, in this connection, at the head of the queue.

Dealing with the procedure in the Supreme Court (England), the Rule Committee of that Court has made an order to the effect that in any case which has to be tried without a jury involving any question for an expert witness, the Court or a Judge may at any time on the application of any party appoint an independent expert (to be called "the Court Expert"), to inquire and report upon any question of fact or of opinion not involving questions of law or construction. The word "Expert" is defined as including accountants and other specially skilled persons whose opinions on any question relevant to the issues involved would be received by the Court.

On the subject of Company Law Amendment the Council of the Association of Chambers of Commerce have sent a letter to the President of the Board of Trade urging that steps should be taken for the amendment of the Companies Act, 1929, especially with regard to the sections which

deal with accounts and audit. The two features regarding the accounts to which special reference is made are the subsidiary company and the profit and loss account. Respecting the former, it is submitted that the provisions of the 1929 Act have proved ineffective and that the majority of important public companies have adopted the subsidiary company principle to such an extent that their balance sheets are frequently useless as a guide to the true position of the company, in some cases the whole or greater part of the share capital being represented by interests in subsidiary companies about which no information is afforded to shareholders.

Respecting the Profit and Loss account, it is pointed out that the 1929 Act gives no definition of the term nor any indication of the function which that account is intended to serve, and that in many cases the profit and loss accounts which are issued to shareholders are useless and misleading through the non-inclusion, or only partial inclusion, of the results of subsidiaries. Attention is also drawn to the defects of the law with regard to the use of proxies, the current practice in regard to which is not considered effective as a means of ascertaining the views of shareholders.

In a series of articles commencing on April 21st, and extending to June 9th, the *Manchester Guardian Commercial* has been dealing with Modern Developments in Accountancy, amongst the subjects discussed being the need for specialisation, the position of auditors in relation to public and private limited companies, methods of dealing with depreciation, trading accounts and the demands of the Inland Revenue, dividends and wasting assets, holding and subsidiary companies, and costing in modern industry. There is also an article on "The Accountant and the Law," in which the author discusses the respective spheres of the accountant and the solicitor, and a further article by a legal contributor giving his view on the same subject. The articles contain many points of interest to professional accountants, and are well worthy of perusal.

The report of the Ministry of Agriculture on the agricultural output of England and Wales for 1930-31 gives comparative figures of that year and the year 1925 which show that the estimated value of the output has decreased from £233,520,000 in 1925 to £202,660,000 in 1931. These figures represent the value of the produce sold by farmers to the non-farming community together with the value of the produce consumed

in the farm households. The decrease in output is due entirely to the lower level of prices prevailing in 1931, as the volume of produce, taken as a whole, is estimated to have increased between these two years by about 4 per cent.

Other interesting figures given in the same report show an estimated drop in the gross rental value of land in England and Wales of about £5,600,000, equal to a fall of 13 per cent., whilst the total capital value of the land has fallen by £170,000,000, equal to 21 per cent. In addition there is an estimated decrease of £85,000,000 in the capital employed by tenants, so that the total capital value has fallen by as much as £255,000,000 on the 1925 figure of £1,180,000,000, or about 22 per cent.

In a letter to the Chairman of the Trustee Savings Banks Association the Chancellor of the Exchequer said that the difficulty of finding investments during the past year within the very limited range at present allowed by the statutes had led the Association to make representations for an extension of the area of investment. The Government, he added, had now introduced a measure for that purpose, and the Bill had been drafted with due regard to the essential necessity of maintaining the safety of moneys entrusted to savings banks and to the liquidity of the banks.

Commenting on the subject of prices and purchases the Editor of the *Journal of Accountancy, New York*, makes some interesting observations. He says: "America seems now to be passing through the topmost arc of the vicious cycle of high prices and shrinking markets. Costs of commodities and manufactured goods are advancing with a rapidity which is perilous and bids fair to lead to a decline in buying. The various wise and unwise efforts to stimulate higher prices are bearing fruit, but scarcely the kind of fruit which business needs. The advances are due largely to artificial cost-raising and price-fixing under codes created under the National Recovery Act. . . . It is the unbroken history of affairs that every sudden rise in prices is followed shortly by a deplorable fall in demand. . . . The only kind of price increase which has permanent value is that which occurs slowly, lagging a little behind the demand of buyers. Now we are attempting to reverse the natural order and to increase prices before the demand has grown proportionately. . . . In a word, artificial helps never work well very long. One cannot win a race on crutches."

## SHARES OF MISSING BENEFICIARIES.

A LEGAL presumption of death arises when it is proved that for a period of seven years no news of a person has been received and that such inquiries and searches as the circumstances naturally suggest have been made. Trustees or personal representatives can distribute the assets of the estate in which the missing person has a claim after advertising and complying with any statutory requirements without making an application to the Court.

Before 1859 a personal representative remained liable to creditors notwithstanding that every care had been taken to see that the debts had been paid. The Law of Property Amendment Act, 1859, generally known as Lord St. Leonard's Act, completely altered the law in this respect. Section 29 of that Act provided that where an executor or administrator had given such notices as would have been given in an administration suit, for creditors to send in to him their claims against the estate, he should at the expiration of the time named in the notices for sending in such claims be at liberty to distribute the assets amongst the parties entitled thereto, having regard to the claims of which he then had notice, and should not be liable for the assets so distributed to any person of whose claim he did not have notice at the time of distribution; but nothing was to prejudice the right of any creditor to follow the assets into the hands of the persons who might have received them.

Section 29 was not confined to claims of creditors of the testator or intestate, but applied also to persons having claims as next-of-kin. It also afforded protection to the sureties in an administration bond, where the administrator, before distributing the assets of the intestate, had pursued the course pointed out by that section.

In *Newton v. Sherry* (1876) a notice was addressed to "creditors and other persons having claims and demands against or upon the estate of the intestate," requiring them to send in particulars of their claims or demands upon the estate to the administrator, or that, in default thereof, he would, at the expiration of the time mentioned in the notice, proceed to administer the assets of the deceased, having regard only to the claims and demands of which he should then have had notice. It was held to be a sufficient

notice to a person having a claim as next-of-kin.

The Act of 1859 did not apply to real property and applied only to executors and administrators administering deceased estates, and not to trustees of a settlement. In *Re Cary & Lott* (1901) it was held that the charge provided by sect. 3 (1) of the Land Transfer Act, 1897 (*i.e.* a charge on any devise or conveyance for the payment of any money for which the personal representatives are liable), did not extend to debts for which prior to the commencement of that Act the personal representatives of the debtor would not be liable as regards the personal estate; and, therefore, where the personal representatives had given the usual statutory notices to creditors, the charge did not apply to debts of which they had no notice at the date of the conveyance to the devisees.

The law on this matter has now been materially changed by the Trustee Act, 1925, sect. 27, which provides that with a view to the conveyance to or distribution among the persons entitled to any real or personal property, the trustees of a settlement or of a disposition on trust for sale, or personal representatives, may give notice by advertisement in the *Gazette*, and in a newspaper circulating in the district in which the land is situated, and such other like notices as would have been directed by a Court in an action for administration, of their intention to make such conveyance or distribution, and requiring any person interested to send to the trustees or personal representatives within the time, not being less than two months, fixed in the notice or, where more than one notice is given, in the last of the notices, particulars of his claim in respect of the property or any part thereof to which the notice relates. But nothing in this section prejudices the right of any person to follow the property, or any property representing the same, into the hands of any person, other than a purchaser, who may have received it; or frees the trustees or personal representatives from any obligation to make searches or obtain official certificates of search similar to those which an intended purchaser would be advised to make or obtain. This section will apply notwithstanding anything to the contrary in the will or other instrument creating the trust.

Apparently, therefore, the practice of advertising in the newspapers of an application by trustees to the Court, by way of originating summons, that missing persons shall be presumed to be dead, is unnecessary, and the procedure laid down in sect. 27 of the Act of 1925 should be followed.

## THE NEW LOCAL GOVERNMENT ACT.

[CONTRIBUTED.]

ON June 1st there came into operation the measure passed in the latter part of last year entitled "The Local Government Act, 1933." It is not the first statute bearing a similar name. Land-marks in local government history were made by the Local Government Acts, 1888 and 1894. Other equally or even more important legislation, so far as the constitution and powers of local government bodies are concerned, were the Public Health Act, 1875, and the Municipal Corporations Act, 1882. All the statutes named were milestones of great significance. In addition, during the same period hundreds of Acts of Parliament, each of great importance and exclusively directed to local authorities, were put on the statute book, but nearly all of them related to a single specific branch of the functions of these bodies, e.g. housing, education, health services, &c. So numerous had the measures become, and in consequence so difficult was it for anyone, either Parliament, local council, government official, municipal officer or layman, to be fully conversant with the exact position that it was thought desirable to consolidate many of these and other provisions into one new Act. Incidentally, the opportunity presented itself to amend, clarify, amplify and repeal such of the existing sections as seemed in need of overhaul and to introduce certain new matter, though very little of the latter has been put into the new Act.

At this juncture it may be interesting to note that no fewer than 337 different Acts of Parliament have been affected by this consolidation measure—the Local Government Act, 1933. It is here proposed to give only a brief outline of its main contents, coupled with a rather more detailed comment on, and explanation of, the amendments and the additional matter, with special reference to audit.

It was, as would be imagined, hardly a bill that could be expected, in its various stages of passage through the appropriate channels, to draw severe criticism or opposition. The majority of the amendments were made by the Ministry of Health. Its length is not great—there has been considerable curtailment in the wording of many of the provisions as they stood in the older Acts and although there are only 308 sections and 11 schedules, it is divided into 15 parts, as follows:—(i) Constitution and Elections; (ii) General Provisions as to Members and Meetings of Local Authorities and Elections; (iii) Committees and Joint Committees; (iv) Officers; (v) Offices and Buildings; (vi) Alterations of Areas; (vii) Acquisition of Land; (viii) Expenses; (ix) Borrowing; (x) Accounts and Audit; (xi) Local Financial Returns; (xii) Bye-laws; (xiii) Local or Personal Bills; (xiv) Freemen; (xv) General Provisions.

The Act does not apply to Scotland or Northern Ireland, and only Parts X and XI have application to the Metropolis.

From the accountant's point of view, Part X, relating to accounts and audit, is the most important, be he an accountant-officer of a local authority or an accountant-auditor, on whom falls (or may fall) the task of auditing a local authority's accounts.

The Municipal Corporations (Audit) Act, 1933, as a separate Act, was short lived, as it is entirely superseded by the Local Government Act, 1933, as from June 1st, 1934. But the provisions of the repealed Statute are fully embodied in Part X of the more comprehensive measure.

The accounts of the following bodies are subject to audit by Government auditors:—

1.—All accounts of county councils, metropolitan borough councils, urban district councils, rural district councils, parish councils, parish meetings, and their committees.

2.—All accounts of joint committees, of which one of the constituent authorities is subject to district audit.

3.—Any other accounts made subject to district audit by virtue of any statutory enactment or order (these include, no matter the status of the authority, all education accounts; housing (assisted scheme) accounts; public assistance accounts; and rate collection accounts), and the accounts of any borough which, by resolution, adopts the system of district audit in lieu of either the borough (elective or municipal) audit, or that by professional auditors.

The system of district audit, the powers and consequences of surcharge, and even the appointment and remuneration of district auditors, are all dealt with in some detail.

The law relating to municipal audit—that is, by elective auditors and the Mayor's auditor, by those authorities (boroughs only)—who prefer to retain that form—is also dealt with.

Sect. 239 of the Act provides that the council of a borough may, by means of a resolution passed and confirmed in accordance with the provisions laid down, adopt either—

- (a) the system of district audit; or
- (b) the system of professional audit.

Where the latter is decided upon, certain provisions have effect. As this phase is, perhaps, the most important from the point of view of the readers of this journal, they are set out in detail, as given in the Act.

Sect. 239 (3):—

- (a) An auditor or auditors shall be appointed in writing under the seal of the corporation for such period and on such terms as to remuneration or otherwise as the council of the borough think fit;
- (b) No person shall be qualified to be so appointed unless he is a member of one or more of the following bodies (namely):—

The Institute of Chartered Accountants in England and Wales;

The Society of Incorporated Accountants and Auditors;

The Society of Accountants in Edinburgh;

The Institute of Accountants and Actuaries  
in Glasgow;

The Society of Accountants in Aberdeen;  
The London Association of Certified Ac-  
countants, Limited;

The Corporation of Accountants, Limited;

- (c) Any auditor so appointed shall be entitled to require from any officer of the borough such books, deeds, contracts, accounts, vouchers, receipts and other documents, and such information and explanations as may be necessary for the performance of his duties;
- (d) Any auditor so appointed shall include in or annex to any certificate given by him with respect to the accounts audited by him, such observations and recommendations (if any) as he thinks necessary or expedient to make with respect to the accounts or any matter arising thereout or in connection therewith;

Sect. 239 (4):—A resolution under this section must be—

- (a) passed by not less than two-thirds of the members of the council voting thereon at a meeting of the council specially convened for the purpose with notice of the object of the meeting, of which not less than one month's previous notice must be given to every member of the council; and
- (b) confirmed by the council at an ordinary meeting held not less than one month after the passing of the resolution.

Section 240:—The following provisions shall have effect as respects the accounts of the council of a borough, other than such accounts as are subject to audit by a district auditor:—

- (a) The accounts shall be made up yearly to the thirty-first day of March, or to such other date as the council, with the consent of the Minister, may determine;
- (b) As soon as may be after the date to which the accounts are required to be made up, they shall be submitted with the necessary vouchers and papers to, and audited by, the auditor or auditors of those accounts;
- (c) After the audit of the accounts for each financial year the treasurer of the borough shall print an abstract of the accounts for that year;
- (d) In the case of an audit by borough auditors, each of the borough auditors shall, in respect of each audit of accounts under the Public Health Acts, 1875 to 1932, be paid such reasonable remuneration, not being less than two guineas for every day in which he is employed on the audit, as the council of the borough may determine.

The new Act gives to all classes of authority to which it relates power to delegate to committees any of their functions except the power to levy rates and borrow moneys, whereas under the old law the position was neither so simple, so extensive nor so logical. Though county councils and district councils possessed similar powers of delegation,

borough councils, as such under the Municipal Corporations Act, 1882, had no such privilege, though such bodies as public health authorities under the Public Health Acts had.

Under the old law, any share or interest (with few named exceptions) in a contract with a local authority amounted to disqualification for membership of the council. One of the exceptions was that a person should not be disqualified by reason only of his having a share or interest in a company with whom the contract was made. The Chelmsford Committee pointed out that that was really no test at all, because in a one-man company a shareholder would be just as much interested as if the contract were with him alone. Moreover there were other exceptions which had to be made, and the difficulty was to find a suitable means whereby to test whether a man had such an interest in a contract that it would affect his conduct as a member of the council. The new Act abolishes the old disqualification for membership of a local authority by reason of an interest in a contract and provides:—

- (a) That the member in question is not to take part in the discussion of the matter or vote upon it;
- (b) That, if present at a meeting, he must disclose the fact that he is interested in a contract or other matter which is under consideration at that meeting, unless he has given a general notice to the town clerk of his interest in the company or firm concerned, a record of all such matters being open to inspection by members of the council; and
- (c) That the local authority may, by standing orders, provide for the exclusion of a member from a meeting whilst the contract or other matter in which he has pecuniary interest is under discussion.

It will be observed that the provision applies not only to contracts, but to all matters in which a member has a pecuniary interest. The Act further provides that any person failing to comply with the provisions will be liable to a fine, not exceeding £50 unless he proves that he did not know that the contract, or any matter in which he had interest, was the subject of consideration. To prevent unfair prosecutions or prosecutions for a trivial offence, the Act provides that proceedings are not to be instituted except by or on behalf of the Director of Public Prosecutions.

The old enactments provided that officers should hold office during the pleasure of the council. In view of this, it has been decided that an agreement with an officer providing for a prescribed notice to terminate his office is *ultra vires* (*Brown v. Dagenham Urban District Council*). The new Act has amended the law by providing that there shall be included in the terms under which a person holding any office under a local authority is appointed, a provision that the appointment shall not be terminated by either party without giving to the other party such reasonable notice as may be agreed, and that where, at the commencement of the Act,

an officer of the local authority holds office on terms which purport to include such a provision, the provision shall, as from the commencement of the Act, be valid. It will be observed that this provision will avoid the necessity of local authorities making new contracts with their officers. Another new provision is that a person may not be appointed by a local authority to a paid office so long as he is, or for six months after he ceases to be, a member of the authority.

Perhaps one of the most needed amendments in local government financial provisions was that relating to raising money by loans. Powers, subject to sanction of one or other department of the Government (and in a few cases no sanction at all) was contained in a great many Acts, each relating to different purposes. The new statute contains a single code, based mainly on the provisions of the Public Health Acts. It is available for all purposes, existing and future, for which borrowing powers are required. It supersedes all codes in existing Acts which are based on the borrowing powers of the Public Health Acts or which are substantially similar to that code.

There is a final part, dealing with numerous miscellaneous matters embracing conferences of local authorities and the conditions under which reasonable expenses may be paid when gatherings of the kind are officially attended; the circumstances in which local authorities may accept and hold gifts of property and expend rate moneys in their improvement and maintenance; transfers of stock; deposit and inspection of documents; and several other minor matters.

## INCORPORATED ACCOUNTANTS' COURSE.

We published in our last issue particulars of the Course which is being held by the Society of Incorporated Accountants at Gonville and Caius College, Cambridge, from July 4th to July 9th. About 150 Incorporated Accountants will attend. Each of them has now received a copy of the handbook, which contains full details of the arrangements, including lectures, recreation, and residence in the College. The handbook also contains a short history of Gonville and Caius College from its first endowment in 1348, and notes on places of interest and transport facilities in Cambridge.

The Vice-Chancellor of the University of Cambridge (Mr. J. F. Cameron, M.A., Master of Caius College) has arranged to welcome the members at the opening meeting on Wednesday evening, July 4th. On the three following days lectures will be delivered during the mornings by senior Incorporated Accountants, and Dr. E. C. Rhodes (Reader in Statistics in the University of London) will lecture on "The Sources of Statistical Information, with special reference to Index Numbers." Facilities will be available for informal visits to Colleges, and for tennis, golf and swimming, and it is hoped that a cricket match can be organised.

The Dean of King's College has kindly invited members of the Course to attend one of the services at King's

College Chapel on Sunday, July 8th. The final meeting will be held on Sunday evening, and members will leave Cambridge on the morning of Monday, July 9th.

## DISMISSAL OF ACTION AGAINST AUDITORS FOR NEGLIGENCE.

We reproduce below an interesting article on the *Blue Band Navigation Company* case which appeared in a recent issue of the *Canadian Chartered Accountant* to whom we express our acknowledgment.

In our last issue reference was briefly made to the reversal of the trial judgment by the British Columbia Court of Appeal and the dismissal of the action brought by the Trustee in Bankruptcy of the Blue Band Navigation Company against Price, Waterhouse & Co., the company's auditors. The trial Judge, Mr. Justice Fisher, found the auditors guilty of breach of duty and the company damaged thereby to the extent of \$25,000, and gave judgment accordingly. The Court of Appeal, consisting of five Judges, unanimously allowed the appeal and dismissed the action.

While it is comforting to know that still another attempt to saddle auditors with the responsibility for company losses has been defeated, the facts of the case and the findings merit careful attention. There were several allegations of negligence, but only one point was seriously in issue on appeal—as to whether or not the attention of shareholders was sufficiently directed to a particular situation.

The Blue Band Company was incorporated by Memorandum of Association and Articles as a private company under the British Columbia Companies Act, which, unlike the Dominion Act, is modelled on the English Companies Act. Dominion and Ontario Companies are forbidden by the relative Acts to lend money to shareholders, and the Ontario Act holds directors or officials making the same or assenting thereto jointly liable for all the debts of the company contracted from the time of the making of the loan to that of the repayment. The British Columbia Act does not prohibit the making of such loans and the Articles of the Blue Band Company contained empowering clauses which, while ambiguous, justified the auditors in believing that such authority existed. This explanation is made for the convenience of auditors who deal only with letters patent companies incorporated under Acts like the Dominion and Ontario Companies Acts and who regard anything which might be in effect a loan to a shareholder as waving the red flag of danger.

The Blue Band Company had as its manager one N. R. Whittall, who was also one of its largest shareholders. Whittall obtained advances from the company for his personal purposes from time to time, and the auditors reported the total of such advances on the annual balance sheet as "Advances to shareholders." The Companies Act of British Columbia requires to be separately shown on the balance sheet: "Debts owing to the Company from its directors, officers and shareholders respectively," and it was in respect of this that one of the alleged acts of negligence arose. As Whittall was a director and official it was alleged that "Advances to shareholders" was a misleading description, but both the trial Judge and the only Judge who referred to the matter on appeal, found that there had been sufficient disclosure. At the end of the 1927 fiscal year of the company (June 30th, 1928) the "Advances to shareholders" item showed an amount of \$20,749.22, consisting almost entirely of advances to Whittall. Before June 30th, 1929, Whittall's indebtedness by way of advances increased to \$29,698.15. Just before the end of the fiscal year

(June 30th, 1929) Whittall's account was credited with \$25,000, and simultaneously a new debtor, Western Trading Syndicate, was shown on the books as charged with \$25,000, with a note below the entry, "transfer as per N. R. Whittall's instructions." Before certifying the accounts the auditors' representative in charge of the audit required information from N. R. Whittall as to this Syndicate. The representative's evidence (which was accepted by the Court in the findings of fact) as to Whittall's reply was that Whittall "did not wish to disclose either the nature of the speculations or the assets of the Western Trading Syndicate nor did he wish to disclose the names of the members of the Syndicate, and that these matters were of an exceedingly confidential nature." Whittall offered, however, to guarantee the payment of the Syndicate indebtedness and a written guarantee was accordingly drawn and signed by him — a very informal document, but sufficient for its purpose. Accordingly, the balance sheet was certified in the usual manner but with no reference in the auditors' certificate to the transaction. The balance sheet showed "Western Trading Syndicate" as a debtor and the "Advances to shareholders" item was less by \$25,000 than it otherwise would have been. The evidence indicated that the Syndicate was inspired by Whittall for speculation on the stock market, and a profit of \$12,000 was in fact made with the moneys before June 30th, 1929. The \$12,000 not having been paid over to the company by that date, Western Trading Syndicate was charged with it, increasing its indebtedness to \$37,000, and the Profit and Loss Account was credited with \$12,000 described as "extraneous." During the succeeding fiscal year the \$12,000 profit was paid in to the company and the indebtedness of Western Trading Syndicate decreased from \$37,000 to \$25,000. In that year the auditors obtained a similar guarantee for the company from Whittall and again gave an unqualified certificate, obviously feeling that Whittall, through his guarantee, and being thought good for his own debt and that of the Syndicate, made the Syndicate debt a good one. When the Blue Band Company went into bankruptcy Whittall was sued on his guarantee and on his personal account and judgment was obtained, but it yielded nothing, as Whittall had no assets. For those who are technically minded it may be said that the auditors pleaded that this judgment was a bar to the action against them, but the trial Judge found that the causes of action were different, one being founded on tort while the other, against the auditors, was founded on breach of contract.

The trial Judge, Mr. Justice Fisher, found that the auditors had failed in their duty; that neither the company nor its directors or shareholders had authorised the lending of company moneys for speculative purposes; that the auditors had not inquired as to Whittall's authority to have his own account credited and the Syndicate charged with the \$25,000 in question; and that the auditors placed no reliance on the Syndicate but relied wholly on Whittall's guarantee. He found that none of this knowledge acquired by the auditors was communicated to the shareholders, who were only told through the balance sheet that "Advances to shareholders" had decreased substantially and that Western Trading Syndicate had sprung into being as a debtor to the company to the extent of \$25,000. He refused to find that the Syndicate was a mere alias for Whittall (this in case of the auditors) but that it was in fact an entity of sorts. He also refused to sustain the contention of the auditors that the shareholders did in fact get from other sources the information which he said they were entitled to get from the auditors. He would not find on the evidence before

him that Whittall would have paid or would have been able to pay the full debt of the Syndicate and himself if demanded either in 1929 or 1930. But he found, relying on *Canadian Woodmen of the World v. Hooper* (1933) 1 D.L.R., 168), that the company was deprived of the opportunity of making that demand and that, therefore, the amount which might have been recovered, namely, \$25,000, was the measure of damages. He found that the true financial position of the company was not disclosed to the shareholders and that material knowledge in the possession of the auditors was not passed on.

In the Court of Appeal both the Chief Justice of British Columbia, J. A. Macdonald, and Mr. Justice M. A. Macdonald (who are the only two Judges of the Court of Appeal who have furnished written reasons for judgment) found that the questions asked at the annual meeting with reference to the Syndicate indebtedness and the information received that the debt was backed by Whittall's guarantee were sufficient of themselves to protect the auditors. The sum total of the auditors' knowledge on the subject was thus obtained by the shareholders, and they did not choose to avail themselves of such information. Mr. Justice M. A. Macdonald points out that disclosure of the true situation was in fact made. He draws attention to the finding of Mr. Justice Fisher that the Syndicate was an entity, and finds that there was no falsification of accounts. Whittall was not at the date of the 1929 and 1930 balance sheets indebted to the company for the aforesaid sum of \$25,000. He was contingently liable by virtue of his guarantee of the account, but the indebtedness was that of the Syndicate. Mr. Justice M. A. Macdonald also agreed with the auditors' own conception of their duty with respect to such an account as that of the Syndicate, namely, that "the auditors should not insert the amount involved as an asset unless reasonably sure it could be realised. They should not report it as such, not knowing anything about the primary debtor, unless acting reasonably they might assume that the guarantor was good for this amount." The language quoted is that of the learned Justice of Appeal. The auditors were shown to have had some knowledge of Whittall's affairs and to have believed that he was able to pay off the entire indebtedness of the Syndicate on demand. The auditors honestly believed that they got at least the equivalent of the fullest information and, in any event, the shareholders got the same information by the questions asked at the meeting.

As to the powers of the company to allow withdrawals by shareholders or the use of company funds for speculation, Mr. Justice M. A. Macdonald finds that the auditors are obliged to read the Memorandum of Association and the Articles, but are not responsible for an erroneous interpretation of doubtful powers, and that a reading of certain clauses of the Memorandum would justify the auditors as laymen in concluding that neither of these matters was *ultra vires* of the company's powers. The duty of the auditors is to show the financial condition of the company. "It is a question of degree of care. Failure to examine the Articles at all would be evidence of lack of care, whereas wrong interpretation of a doubtful power involving legal knowledge would not." The shareholders had long been familiar, in any event, with large amounts shown owing by shareholders and no objection had ever been taken.

It will not be amiss to set out a celebrated passage from a judgment of Lord Justice Lindley, himself a great company lawyer and the author of a standard text on Company Law, as to the duty of auditors. The passage is taken from the English case, *In re London and General Bank, Limited* (Theobold's case) (1895) 64 L.J. Chy., 866. Reference

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thereto is made in the judgment of the trial Judge and it is set out as follows in the judgment of Mr. Justice M. A. Macdonald :—

"(1) They are to give the shareholders independent and reliable information respecting the true financial position of the company at the time of the audit ; (2) they are not obliged to give advice to shareholders or directors as to what they ought to do ; (3) they are not concerned whether the company is conducted prudently or otherwise. As to how the auditors are to ascertain and state the true financial position of the company at the time of the audit—

"The answer is, by examining the books of the company. But he does not discharge his duty by doing this without inquiry and without taking any trouble to see that the books of the company themselves show the company's true position. He must take reasonable care to ascertain that they do. Unless he does this, his duty will be worse than a farce. Assuming the books to be so kept as to show the true position of the company, the auditor has to frame a balance sheet showing that position according to the books, and to certify that the balance sheet presented is correct in that sense. But his first duty is to examine the books, not merely for the purpose of ascertaining what they do show, but also for the purpose of satisfying himself that they show the true financial position of the company. That is quite in accordance with the decision of Mr. Justice Stirling in *The Leeds Estate Building and Investment Company v. Shepherd*. An auditor, however, is not bound to do more than exercise reasonable care and skill in making inquiries and investigations. He is not an insurer ; he does not guarantee that the books do correctly show the true position of the company's affairs ; he does not guarantee that his balance sheet is accurate according to the books of the company. If he did he would be responsible for an error on his part, even if he were himself deceived, without any want of reasonable care on his part—say, by the fraudulent concealment of a book from him. His obligation is not so onerous as this. Such I take to be the duty of the auditor ; he must be honest—that is, he must not certify what he does not believe to be true—and he must exercise reasonable care and skill before he believes that what he certifies is true. What is reasonable care in any particular case must depend upon the circumstances of that case. When there is nothing to excite suspicion, very little inquiry will be reasonable and sufficient ; and in practice, I believe, business men select a few cases at haphazard, see that they are right, and assume that others like them are correct also. When suspicion is aroused more care is obviously necessary ; but still an auditor is not bound to exercise more than reasonable care and skill even in a case of suspicion, and he is perfectly justified in acting on the opinion of an expert where special knowledge is required."

At the conclusion of his reasons for judgment, Mr. Justice M. A. Macdonald quotes Sargent, L.J., in *re City Equitable Fire Insurance* (1925) 94 L.J.C.D., 502, who said : "There was a considerable border line of undefined territory in which the auditor had to be guided by his own personal view of what was sufficient in all the circumstances of the case," and Mr. Justice Macdonald adds—

"A Court should be sure of its grounds before substituting its own views long after the event for those of the auditors formed at the time in the light of then existing facts."

## Institute of Municipal Treasurers and Accountants.

### ANNUAL MEETING.

The forty-ninth annual general meeting of the Institute of Municipal Treasurers and Accountants was held at Buxton on June 20th, 21st and 22nd, under the presidency of Mr. R. A. Wetherall, F.S.A.A., Borough Treasurer, Swansea. The Conference delegates received an official welcome from the Mayor of Buxton, Councillor J. H. Smythe, J.P., who referred to the growing importance of municipal finance in relation to local government and the value of the Institute in the solution of the many problems which beset municipal financial officers.

The annual report of the Council deals with many interesting matters, not least in importance being the arrangements with the Association of Municipal Corporations, the Non-County Boroughs Association and the Urban District Councils Association for co-operation in the consideration of financial matters. During the year the Council have directed considerable thought to the exemplification of the accounts relating to elementary education and mental institutions and also to the standardisation of abstracts of accounts. In connection with costing the Institute is represented on a Committee set up by the Ministry of Health to consider and prepare model forms of highways accounts and costing records. The Council was also consulted by the Board of Control in connection with new costing returns introduced for mental hospitals and mental deficiency institutions. In regard to housing the Institute have, during the past year, been in the closest co-operation with the Association of Municipal Corporations in the efforts that are being made to secure a consolidation of housing subsidies.

### OFFICERS AND COUNCIL.

The following elections were made for the ensuing year : President, Mr. A. E. Dean, M.B.E., Borough Treasurer, Swindon ; Vice-President, Mr. F. W. Rattenbury, F.S.A.A., County Accountant, Middlesex County Council ; Hon. Treasurer, Mr. W. Allison Davies, O.B.E., F.S.A.A., Borough Treasurer, Preston ; Members of the Council : Mr. John E. Bray, F.S.S., Treasurer of the City, Manchester ; Mr. A. B. Griffiths, F.S.A.A., City Treasurer, Sheffield ; Mr. J. D. Imrie, M.A., B.Com., F.S.A.A., City Chamberlain, Edinburgh ; Mr. J. R. Johnson, F.S.A.A., Treasurer of the City, Birmingham ; Mr. Sydney Larkin, F.S.A.A., City Treasurer, Coventry ; Mr. Samuel Lord, F.S.A.A., Borough Treasurer, Acton ; Mr. Edmund Lund, M.B.E., F.S.A.A., City Treasurer, Carlisle ; Mr. R. D. Lambert, F.S.A.A., Borough Treasurer, West Hartlepool ; Mr. D. M. Muir, F.S.A.A., Burgh Chamberlain, Dunfermline ; Mr. G. E. Martin, F.S.A.A., Borough Treasurer, Poplar ; Mr. Frederick Steadman, F.R.Econ.S., Chief Financial Officer, Surrey County Council ; Mr. James Scougal, A.S.A.A., Accountant to the Beckenham U.D.C.

### PRESIDENTIAL ADDRESS.

Mr. R. A. Wetherall in his Presidential Address devoted some time to a consideration of the Hadow Report which dealt with the recruitment, qualifications, training and promotion of local government officers. He stated that the examination policy of the Institute was to avoid a narrow specialisation for its examinees and that the Institute's examination policy had never been allowed to become static. He further stated that it was, perhaps, unfortunate that there was no single body conferring a

recognised professional qualification in accountancy, but there were at least two widely recognised accountancy bodies whose examinations would be universally accepted, viz., those of the Institute of Chartered Accountants and the Society of Incorporated Accountants and Auditors. In view of the extremely specialised nature of the municipal accountant's work, he could not see any practical alternative to the Institute continuing the conduct of its examinations. Mr. Wetherall also reviewed the financial provisions of the Local Government Act, 1933, and in regard to borrowings of local authorities he pointed out that it had been found possible to prescribe a single code applicable to all authorities which was based generally on the borrowing provisions of the Public Health Act, 1875, but modified and brought up to date in accordance with modern precedents in local Acts. Reference was also made to the Unemployment Bill which had now been read a third time in the House of Commons. It was pointed out that about a hundred years ago the problem of the burden of poor relief was relatively just as acute as was the problem to-day and that there was no essential difference in the fact that the principal cause of the trouble was depression in agriculture, whereas to-day it was the depression in industry. During the period that had since elapsed, human nature had not greatly changed, but the extent of public assistance in various forms and different degrees, administered nationally or locally, had enormously increased, and the risk of demoralisation had been correspondingly enlarged. In conclusion, the President expressed the view that there should be greater co-ordination of present-day services having relation to public relief, which might be effectively supervised by a central body functioning in relation to the separate systems in the same way as the Treasury did to Government Departments.

#### ANNUAL DINNER.

The annual dinner of the Institute was held at the Palace Hotel on Wednesday evening, when about 350 delegates and guests were present. The representatives of other professional bodies included Mr. Wilson Bartlett (Vice-President of the Society of Incorporated Accountants and Auditors), and Mr. A. A. Garrett, M.B.E., M.A., the Society's Secretary. The Mayor of Fleetwood (Alderman G. M. Robertson, J.P.), proposed the toast of "The Borough of Buxton," which was replied to by the Mayor of Buxton. The toast of "The Institute of Municipal Treasurers and Accountants" was proposed by the Lord Mayor of Norwich (Alderman Fred. C. Jex, J.P.), in which he referred to the development of the Institute during the past 49 years and coincident the development of municipal local government. The toast was responded to by the President, Mr. R. A. Wetherall. The toast of "Our Guests and Visitors" was proposed by the Vice-President, Mr. A. E. Dean, and was responded to by Sir John Brooke, C.B., Vice-Chairman of the Electricity Commission.

#### PAPER BY MR. JENNINGS.

On Thursday morning a paper was read by Mr. W. Ivor Jennings, M.A., LL.D., Reader in English Law in the University of London, and Editor of the *Local Government Chronicle*, his subject being, "The Ratepayer and His Money." Mr. Jennings stated that English local government was in its essence a democratic system, the whole complicated edifice being built up, in theory at least, upon the wishes of the local government elector. The fact that elected representatives had to seek re-election every three years affected the local authorities' scope of local action. There was a tendency, he stated, for Parliament to assume that local authorities were merely part of a bureaucratic machine which could be told to

do certain things or to refrain from certain things, like a department of the central government. He emphasised the principle that a local authority could incur expenditure upon a service only if it had express statutory power for the purpose, and that it could not extend that service beyond the limits prescribed by Parliament. There was thus a maximum, not, perhaps, of expenditure, but of functions which a local authority in its discretion could not exceed. On the other hand, there were certain services, such as education and public assistance, which had to be provided. Hence there was also a minimum of services, though it could not be precisely determined in terms of finance. In between these maximum and minimum limits the local authority had a discretion, but even this discretion was, in many respects, limited by the powers of the central authorities. Since any substantial service could not be established without considerable capital expenditure, it followed that the central authorities controlled the establishment of new services, and even any large extensions of existing ones. It was pointed out that revenue to meet expenditure was drawn from some or all of four sources: (1) Grants, (2) loans, (3) fees, sales, rents and charges, (4) rates. In the year 1930-31 the receipts of local authorities were allocated as under:—

	£	Per cent.
1. Rates .. ..	149,895,968	33.4
2. Grants on revenue account	130,158,587	29.0
3. Fees, &c., on revenue account .. ..	169,077,554	37.6
 Total .. ..	 449,132,109	 100.0

The services, other than trading services, which demanded in 1930-31 more than £2,000,000 out of rates and unallocated grants were the following:—

Service.	Amount	Percentage
	£	of Total.
1. Highways and Bridges ..	37,772,171	19.6
2. Poor Relief .. ..	29,702,957	15.5
3. Elementary Education ..	29,422,120	15.3
4. Police .. ..	10,906,427	5.7
5. General Administration ..	9,912,751	5.2
6. Higher Education .. ..	9,122,558	4.7
7. Sewers and Sewage Disposal	9,052,928	4.6
8. Mental Hospitals .. ..	7,124,770	3.7
9. Refuse Collection and Disposal	6,716,475	3.5
10. Public Lighting .. ..	4,445,045	2.3
11. Parks, etc. .. ..	3,937,788	2.0
12. Infectious Disease Hospitals	3,629,555	1.9
13. Tuberculosis .. ..	3,415,548	1.8
14. Maternity and Child Welfare	2,368,109	1.2
15. Fire Brigades .. ..	2,189,471	1.1
16. Public Libraries and Museums	2,056,689	1.1
 Total .. ..	 171,725,362	 89.2

It was pointed out that many local authorities provided trading undertakings, and that occupiers as such were more interested in trading undertakings than in the other services of local government, and generally that their interest was that of a consumer and not of a ratepayer or elector.

The Lecturer adduced the view that rates were not a charge for services rendered, but represented the sum levied to pay for such governmental services as were not met out of grants, their amount having no relation to the benefits obtained by the ratepayers as individuals. Dealing with the ratepayer and local rates, it was stated that local elections were frequently decided on personal grounds and not on grounds of policy, the struggle usually being between those who desired more public services and those who desired lower rates.

If there was to be a progressive development of local government—and the experience of a century suggested that even those who disliked it could not avoid it—it could be economical only if it was consistent. The tendency to expand rapidly and as rapidly to contract was a policy to be condemned. In the Lecturer's view it was bad administration for the Ministry of Health suddenly to demand a five-year programme of slum clearance, there being no time to examine thoroughly the country's housing situation, to study the prospective changes of population, or to estimate the financial consequences.

The paper brought forth a very interesting and spirited discussion, particularly from members of local authorities, and it was evident that they, at all events, were keenly alive to the existing financial difficulties of local authorities and were anxious to secure a solution to some of the financial problems which beset them.

#### PAPER BY MR. LAMBERT.

On the Thursday afternoon a paper was submitted by Mr. Roger D. Lambert, F.S.A.A., Borough Treasurer, West Hartlepool, his subject being "Problems of Valuation for Rating." Mr. Lambert reviewed the statutory definitions of "gross" and "net" annual value, and in reference to the opening words of sect. 68 of the Rating and Valuation Act, 1925, which defines "gross value" as "the rent at which a hereditament might reasonably be expected to let from year to year," he pointed out that the reasonableness referred to here is the reasonableness of the expectation and not the reasonableness of the rent. Mr. Lambert drew attention to the difficulties of arriving at a correct valuation of properties which were similar in character, particularly so when some of them were occupied by the owners, others by multiple firms who were prepared to pay almost any rent to secure a desired position, and others let to traders whose business was such as to make it impossible for them to pay a very high rental. The lecture print was supplemented by diagrams illustrating the difficulties and showing how the problem had been dealt with in West Hartlepool. Mr. Lambert made the following suggestions as a basis for discussion with a view to an amendment of the law:—

- (1) That in the case of rented properties, the gross value shall be the actual rent payable from time to time, plus a fixed percentage on any premium or other consideration of a similar character, and on the cost of any (appreciable) structural improvements effected by the tenant, with such adjustment as may be necessary according to the extent of the repairs, &c., which the tenant undertakes to do;
- (2) (a) That in the case of hereditaments occupied by the owner regard shall be had in determining the gross value—
  - (i) to the purchase price, or where the purchase was effected more than (say) five years prior to the valuation, the current purchase price of similar hereditaments, and
  - (ii) to the rents obtainable for similar hereditaments; and
- (3) That in the case of owner-occupied industrial hereditaments acquired more than five years prior to the valuation, where no similar hereditaments are available for comparison, the gross value shall be ascertained from the accounts.

In the discussion which ensued it was evident that there was a considerable body of opinion in opposition to the suggestions advanced by Mr. Lambert, though it was quite evident that the existing difficulties were appreciated and that it was felt that some solution should, if possible, be found.

#### PAPER BY MR. EASTERBY.

On Friday morning a paper was submitted by Mr. R. F. Easterby, County Treasurer, Lancashire County Council, entitled "Financial Adjustments." This paper was one which appealed particularly to financial officers and was introduced by Mr. Easterby in a very excellent review of the subject. The Lecturer outlined in general terms the arrangements adopted in Lancashire in the financial adjustments which were necessary consequent on the transfer of areas from one authority to another. He stated that the claims were divisible into six sections, viz: Debt; Liabilities; Continuing Payments; Balances; Property; and Burden. Each of these parts was explained at length by Mr. Easterby. The paper was most instructive and it is safe to say that it will be found of the utmost use in the many financial adjustments which are to take place between local authorities consequent to the passing of the Local Government Act, 1929.

At the conclusion of the morning paper the Mayor of Buxton attended to close the Conference, which he did in very appropriate terms. A vote of thanks to the Mayor and Mayoress of Buxton was moved by Councillor N. B. Cox, of Shrewsbury, and was seconded by Mr. A. B. Clutterbuck, High Sheriff, Gloucester.

#### PATENT RENEWAL FEES AND INCOME TAX.

The following reply, dated June 22nd last, has been received from the Inland Revenue by the Association of British Chambers of Commerce in response to an inquiry as to the allowance for income tax purposes of renewal fees paid by a trader in respect of patents:—

"In reply to your letter of the 13th instant, I am directed by the Board of Inland Revenue to acquaint you that they would offer no objection to the allowance for income tax purposes of the renewal fees paid by a trader in respect of a patent held for the purposes of his business, but that they could not acquiesce in the allowance of expenses incurred in connection with the grant of a new patent or in obtaining an extension of the original term of a patent."

#### CHARGES FOR TELEGRAPHIC ADDRESSES.

The Postmaster-General has intimated that initial letters or a combination of initial letters and figures indicating a postal district in the text or in the address of an inland written telegram will in future be counted as one word. Thus:—

- (1) S.W. will be counted as one word.
- (2) S.W.19 will be counted as one word.
- (3) Jones, Shakespeare-road, N.W.7, will be counted as four words.

## ACTION AGAINST ACCOUNTANTS FOR NEGLIGENCE.

Mr. Justice Crossman, in the Chancery Division on June 8th, delivered his reserved judgment in the action by Scarborough Harbour Commissioners against Alderman Thomas Whitehead and Messrs. Robinson, Coulson, Kirkby & Co., the latter being Chartered Accountants practising at Scarborough.

The action, in which judgment was reserved on May 14, claimed declarations that the defendants were liable to make good losses which the Harbour Commissioners had incurred by reason of non-payment of arrears of rent and gas charges by J. Sellers & Sons, Limited, fish salesman, and by reason of the non-payment of dues on the sale of fish by Sellers & Sons.

It was alleged against the defendant firm that they put forward balance sheets while they acted as auditors to the Commissioners which showed debts of Sellers and Sons as good debts, whereas they knew they were bad. This was denied by the defendant firm, who also denied that they were negligent in the conduct of the audits of the Harbour Commissioners' accounts.

In his judgment, His Lordship said the defendant firm became auditors to the Harbour Commissioners in 1909.

In June, 1929, Mr. W. S. Robinson, senior partner in the defendant firm, became aware that the Sellers' rent was in arrear, and in his evidence he said he made certain inquiries and received certain assurances, and he (the Judge) accepted his evidence on that point. In July, 1932, Mr. Robinson learned that the Sellers Company owed the Commissioners £180 for fish dues, and he insisted upon a meeting of the Finance Committee being called. This was done on August 6th, 1932, when the fact was disclosed that the Sellers Company owed the Commissioners a total of £351.

In reality this case resolved itself into two actions, and in that against the defendant firm the claim in substance was for damages for negligence.

After examining the evidence His Lordship said there was no proof of negligence against the defendant firm under the head of the allegation that they accepted without comment incomplete and faulty books and book-keeping as the basis of their audit; nor was negligence proved in regard to the fish dues arrears. But he found there was negligence in regard to the arrears of rent and gas money. He held it was the duty of the defendant firm to have reported the arrears formally to the Board or the Finance Committee.

They were negligent in not doing so and he ordered an inquiry as to what damage the Board had suffered in consequence. The Board would have the costs on the issue that had been proved, and the defendants would bear the costs of those not proved, and there must be a set-off.

## FORTHCOMING EVENTS.

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|-----------|---|
| July 4th  | South Wales and Monmouthshire District Society (and Cardiff Students Section). Visit to B.B.C. West Regional Station.               |
| July 4th  | Newcastle-upon-Tyne and District Society. Garden Party at Sunderland to meet Mr. Groves, the new President of the District Society. |
| July 21st | Cumberland and Westmorland District Society. Summer Meeting at Keswick, to be addressed by Mr. E. Cassleton Elliott.                |

## ARBITRATION ACT, 1934.

An Act to amend the law relating to arbitrations and to make provision for other matters connected therewith.

### ARBITRATION AGREEMENT NOT TO BE DISCHARGED BY DEATH OF PARTY THERETO.

1.—(1) An arbitration agreement shall not be discharged by the death of any party thereto, either as respects the deceased or any other party, but shall in such an event be enforceable by or against the personal representative of the deceased.

(2) The authority of an arbitrator shall not be revoked by the death of any party by whom he was appointed.

(3) Nothing in this section shall be taken to affect the operation of any enactment or rule of law by virtue of which any right of action is extinguished by the death of a person.

### PROVISIONS IN CASE OF BANKRUPTCY.

2.—(1) Where it is provided by a term in a contract to which a bankrupt is a party that any differences arising thereout or in connection therewith shall be referred to arbitration, the said term shall, if the trustee in bankruptcy adopts the contract, be enforceable by or against him so far as relates to any such differences.

(2) Where a person who has been adjudged bankrupt had before the commencement of the bankruptcy become a party to an arbitration agreement and any matter to which the agreement applies requires to be determined in connection with or for the purposes of the bankruptcy proceedings, then, if the case is one to which sub-section (1) of this section does not apply, any other party to the agreement or, with the consent of the committee of inspection, the trustee in bankruptcy, may apply to the Court having jurisdiction in the bankruptcy proceedings for an order directing that the matter in question shall be referred to arbitration in accordance with the agreement, and that Court may, if it is of opinion that, having regard to all the circumstances of the case, the matter ought to be determined by arbitration, make an order accordingly.

### POWER OF COURT WHERE ARBITRATOR IS REMOVED OR APPOINTMENT OF ARBITRATOR IS REVOKED.

3.—(1) Where an arbitrator (not being a sole arbitrator), or two or more arbitrators (not being all the arbitrators) or an umpire who has not entered on the reference is or are removed by the Court, the Court may, on the application of any party to the arbitration agreement, appoint a person or persons to act as arbitrator or arbitrators or umpire in place of the person or persons so removed.

(2) Where the appointment of an arbitrator or arbitrators or umpire is revoked by leave of the Court, or a sole arbitrator or all the arbitrators or an umpire who has entered on the reference is or are removed by the Court, the Court may, on the application of any party to the arbitration agreement, either—

(a) appoint a person to act as sole arbitrator in place of the person or persons removed; or

(b) order that the arbitration agreement shall cease to have effect with respect to the dispute referred.

(3) A person appointed under this section by the Court as an arbitrator or umpire shall have the like power to act in the reference and to make an award as if he had been appointed in accordance with the terms of the arbitration agreement.

(4) Where it is provided (whether by means of a provision in the arbitration agreement or otherwise), that an award under an arbitration agreement shall be a condition precedent to the bringing of an action with

respect to any matter to which the agreement applies, the Court, if it orders (whether under this section or under any other enactment) that the agreement shall cease to have effect as regards any particular dispute, may further order that the provision making an award a condition precedent to the bringing of an action shall also cease to have effect as regards that dispute.

#### PROVISIONS ON THE APPOINTMENT OF THREE ARBITRATORS.

4.—(1) Where an arbitration agreement provides that the reference shall be to three arbitrators, one to be appointed by each party and the third to be appointed by the two appointed by the parties, the agreement shall have effect as if it provided for the appointment of an umpire, and not for the appointment of a third arbitrator, by the two arbitrators appointed by the parties.

(2) Where an arbitration agreement provides that the reference shall be to three arbitrators to be appointed otherwise than as mentioned in the foregoing sub-section, the award of any two of the arbitrators shall be binding.

#### PROVISIONS RELATING TO UMPIRES.

5.—(1) The following paragraph shall be substituted for paragraph (b) of the First Schedule to the principal Act (which sets out certain provisions which are to be implied in an arbitration agreement unless the contrary intention is expressed therein) :—

"(b) if the reference is to two arbitrators, the two arbitrators shall appoint an umpire immediately after they are themselves appointed" : and in paragraph (c) of section five of the principal Act after the word "arbitrator" there shall be inserted the words "or where two arbitrators are required to appoint an umpire."

(2) At any time after the appointment of an umpire, however appointed, the Court may, on the application of any party to the reference and notwithstanding anything to the contrary in the arbitration agreement, order that the umpire shall enter on the reference in lieu of the arbitrators and as if he were a sole arbitrator.

#### ARBITRATORS AND UMPIRES TO USE DUE DISPATCH.

6.—(1) The Court may, on the application of any party to a reference, remove an arbitrator or umpire who fails to use all reasonable dispatch in entering on and proceeding with the reference and making an award.

(2) An arbitrator or umpire who is removed by the Court under this section shall not be entitled to receive any remuneration in respect of his services.

(3) Subject to the provisions of sub-section (2) of section ten of the principal Act and to anything to the contrary in the arbitration agreement, an arbitrator or umpire shall have power to make an award at any time.

(4) For the purposes of this section the expression "proceeding with a reference" includes, in a case where two arbitrators are unable to agree, giving notice of that fact to the parties and to the umpire.

#### AMENDMENT OF SCHEDULE OF PRINCIPAL ACT.

7.—The following provisions shall be added at the end of the First Schedule to the principal Act :—

"(j) the arbitrators or umpire shall have the same power as the Court to order specific performance of any contract other than a contract relating to land or any interest in land :

"(k) the arbitrators or umpire may, if they think fit, make an interim award."

#### ADDITIONAL POWERS OF COURT.

8.—(1) The Court shall have, for the purpose of and in relation to a reference, the same power of making orders in respect of any of the matters set out in the First

Schedule to this Act as it has for the purpose of and in relation to an action or matter in the Court :

Provided that nothing in the foregoing provision shall be taken to prejudice any power which may be vested in an arbitrator or umpire of making orders with respect to any of the matters aforesaid.

(2) Where relief by way of interpleader is granted and it appears to the Court that the claims in question are matters to which an arbitration agreement, to which the claimants are parties, applies, the Court may direct the issue between the claimants to be determined in accordance with the agreement.

(3) Where an application is made to set aside an award the Court may order that any money made payable by the award shall be brought into Court or otherwise secured pending the determination of the application.

#### STATEMENT OF CASE BY ARBITRATOR OR UMPIRE.

9.—(1) An arbitrator or umpire may, and shall if so directed by the Court, state :—

(a) any question of law arising in the course of the reference ; or

(b) an award or any part of an award, in the form of a special case for the decision of the Court.

(2) A special case with respect to an interim award or with respect to a question of law arising in the course of a reference may be stated, or may be directed by the Court to be stated, notwithstanding that proceedings under the reference are still pending.

(3) A decision of the Court under this section shall be deemed to be a judgment of the Court within the meaning of section twenty-seven of the Supreme Court of Judicature (Consolidation) Act, 1925 (which relates to the jurisdiction of the Court of Appeal to hear and determine appeals from any judgment of the Court), but no appeal shall lie from the decision of the Court on any case stated under paragraph (a) of sub-section (1) of this section without the leave of the Court or of the Court of Appeal.

#### ENTRY OF JUDGMENT IN TERMS OF AWARD.

10.—Where leave is given under section twelve of the principal Act to enforce an award in the same manner as a judgment or order, judgment may be entered in terms of the award.

#### INTEREST ON AWARDS.

11.—A sum directed to be paid by an award shall, unless the award otherwise directs, carry interest as from the date of the award and at the same rate as a judgment debt.

#### PROVISION AS TO COSTS.

12.—(1) Any provision in an arbitration agreement to the effect that the parties or any party thereto shall in any event pay their or his own costs of the reference or award or any part thereof shall be void ; and the principal Act shall in the case of an arbitration agreement containing any such provision have effect as if that provision were not contained therein :

Provided that nothing herein shall invalidate such a provision when it is part of an agreement to submit to arbitration a dispute which has arisen before the making of such agreement.

(2) If no provision is made by an award with respect to the costs of the reference, any party to the reference may within fourteen days of the publication of the award or such further time as a Court or a Judge may direct apply to the arbitrator for an order directing by and to whom such costs shall be paid, and thereupon the arbitrator shall after hearing any party who may desire to be heard amend his award by adding thereto such directions as he may think proper with respect to the payment of the costs of the reference.

**TAXATION OF ARBITRATOR'S OR UMPIRE'S FEES.**

13.—(1) If in any case an arbitrator or umpire refuses to deliver his award except on payment of the fees demanded by him, the Court may, on an application for the purpose, order that the arbitrator or umpire shall deliver the award to the applicant on payment into Court by the applicant of the fees demanded, and further that the fees demanded shall be taxed by the taxing officer and that out of the money paid into Court there shall be paid out to the arbitrator or umpire by way of fees such sum as may be found reasonable on taxation and that the balance of the money, if any, shall be paid out to the applicant.

(2) An application for the purposes of this section may be made by any party to the reference unless the fees demanded have been fixed by a written agreement between him and the arbitrator or umpire.

(3) A taxation of fees under this section may be reviewed in the same manner as a taxation of costs.

(4) The arbitrator or umpire shall be entitled to appear and be heard on any taxation or review of taxation under this section.

**POWER OF COURT TO GIVE RELIEF WHERE ARBITRATOR IS NOT IMPARTIAL OR DISPUTE REFERRED INVOLVES QUESTION OF FRAUD.**

14.—(1) Where an agreement between any parties provides that disputes which may arise in the future between them shall be referred to an arbitrator named or designated in the agreement and after a dispute has arisen any party applies, on the ground that the arbitrator so named or designated is not or may not be impartial, for leave to revoke the submission or for an injunction to restrain any other party or the arbitrator from proceeding with the arbitration, it shall not be a ground for refusing the application that the said party at the time when he made the agreement knew, or ought to have known, that the arbitrator by reason of his relation towards any other party to the agreement or of his connection with the subject referred might not be capable of impartiality.

(2) Where an agreement between any parties provides that disputes which may arise in the future between them shall be referred and a dispute which so arises involves the question whether any such party has been guilty of fraud, the Court shall, so far as may be necessary to enable that question to be determined by the Court, have power to order that the agreement shall cease to have effect and power to give leave to revoke any submission made thereunder.

(3) In any case where by virtue of this section the Court has power to order that an arbitration agreement shall cease to have effect or to give leave to revoke a submission, the Court may refuse to stay any action brought in breach of the agreement.

**AMENDMENT OF SECTION 11 OF PRINCIPAL ACT.**

15.—Section eleven of the principal Act (which empowers the Court to remove an arbitrator and set aside an award) shall be amended by the insertion of the words "or the proceedings" after the words "has misconducted himself" in both places where those words occur in the said section.

**LIMITATION OF TIME FOR COMMENCING ARBITRATION PROCEEDINGS.**

16.—(1) The statutes of limitation shall apply to arbitrations as they apply to proceedings in the Court.

(2) Notwithstanding any term in an arbitration agreement to the effect that no cause of action shall accrue in respect of any matter required by the agreement to be referred until an award is made under the agreement, a cause of action shall, for the purpose of the statutes of

limitation both as originally enacted and as applying to arbitrations, be deemed to have accrued in respect of any such matter at the time when it would have accrued but for that term in the agreement.

(3) In sub-section (3) of section four hundred and ninety-six of the Merchant Shipping Act, 1894 (which requires a sum deposited with a wharfinger by an owner of goods to be repaid unless legal proceedings are instituted by the shipowner), the expression "legal proceedings" shall be deemed to include arbitration.

(4) For the purpose of this section and for the purpose of the statutes of limitation as applying to arbitrations and of the said section four hundred and ninety-six of the Merchant Shipping Act, 1894, as amended by this section, an arbitration shall be deemed to be commenced when one party to the arbitration agreement serves on the other party or parties a notice requiring him or them to appoint an arbitrator, or, where the arbitration agreement provides that the reference shall be to a person named or designated in the agreement, requiring him or them to submit the dispute to the person so named or designated.

(5) Any such notice as is mentioned in sub-section (4) of this section may be served either:—

- (a) by delivering it to the person on whom it is to be served; or
- (b) by leaving it at the usual or last known place of abode in England of that person; or
- (c) by sending it by post in a registered letter addressed to that person at his usual or last known place of abode in England;

as well as in any other manner provided in the arbitration agreement; and where a notice is sent by post in manner prescribed by paragraph (c), service thereof shall, unless the contrary is proved, be deemed to have been effected at the time at which the letter would have been delivered in the ordinary course of post.

(6) Where the terms of an agreement to refer future disputes to arbitration provide that any claims to which the agreement applies shall be barred unless notice to appoint an arbitrator is given or an arbitrator is appointed or some other step to commence arbitration proceedings is taken within a time fixed by the agreement, and a dispute arises to which the agreement applies, the Court, if it is of opinion that in the circumstances of the case undue hardship would otherwise be caused, and notwithstanding that the time so fixed has expired, may, on such terms, if any, as the justice of the case may require, but without prejudice to the foregoing provisions of this section, extend the time for such period as it thinks proper.

(7) Where the Court orders that an award be set aside or orders, after the commencement of an arbitration, that the arbitration agreement shall cease to have effect with respect to the dispute referred, the Court may further order that the period between the commencement of the arbitration and the date of the order of the Court shall be excluded in computing the time prescribed by the statutes of limitation for the commencement of proceedings (including arbitration) with respect to the dispute referred.

(8) For the purposes of this section the expression "the statutes of limitation" includes any enactment limiting the time within which any particular proceeding may be commenced.

**APPLICATION OF SOLICITORS ACT, 1932, TO SOLICITORS' COSTS IN ARBITRATIONS.**

17.—Section sixty-nine of the Solicitors Act, 1932 (which empowers a Court before which any proceeding is being heard or is pending to charge property recovered

or preserved in the proceeding with the payment of solicitors' costs), shall apply as if an arbitration were a proceeding in the Court, and the Court may make declarations and orders accordingly.

**AMENDMENT OF SECTION 16 OF AGRICULTURAL HOLDINGS ACT, 1923.**

18.—The following sub-sections shall be inserted after sub-section (5) of section sixteen of the Agricultural Holdings Act, 1923 :—

"(5A) Sections one hundred and ten, one hundred and eleven and one hundred and twelve of the County Courts Act, 1888 (which provide for the issue of summonses to witnesses in County Court actions and the enforcement of such summonses and the bringing up of prisoners to give evidence in such actions) shall apply to any arbitration under this Act as if that arbitration was an action or matter in the County Court.

"(5B) The High Court may order that a writ of *habeas corpus ad testificandum* shall issue to bring up a prisoner for examination before any arbitrator appointed under this Act, if the prisoner is confined in any prison under process in any civil action or matter."

**SAVING FOR PENDING ARBITRATIONS.**

19.—Subject as hereinafter provided, the provisions of this Act shall not affect any arbitration which has been commenced within the meaning of section sixteen of this Act before the date on which this Act comes into operation, but shall apply to any arbitration so commenced after the said date under an arbitration agreement made before the said date :

Provided that nothing in this section shall affect the operation of the provisions of this Act amending the Agricultural Holdings Act, 1923.

**APPLICATION TO STATUTORY ARBITRATIONS.**

20.—This Act, except the provisions thereof set out in the Second Schedule to this Act, shall apply in relation to every arbitration under any other Act passed before or after the commencement of this Act, as if the arbitration were pursuant to an arbitration agreement and as if that other Act were an arbitration agreement, except in so far as this Act is inconsistent with that other Act or with any rules or procedure authorised or recognised thereby :

Provided that this Act shall not apply to any arbitration to which the principal Act does not apply and no provision of this Act which expressly amends a provision of the principal Act shall apply to any arbitration to which that provision of the principal Act does not apply.

**SHORT TITLE, INTERPRETATION, APPLICATION, EXTENT, REPEAL AND COMMENCEMENT.**

21.—(1) This Act may be cited as the Arbitration Act, 1934.

(2) In this Act, unless the context otherwise requires :—

The expression "the principal Act" means the Arbitration Act, 1889 :

The expression "arbitration agreement" means a written agreement to submit present or future differences to arbitration, whether an arbitrator is named therein or not.

(3) References in this Act and in the principal Act to an award shall include references to an interim award.

(4) This Act shall be construed as one with the principal Act, and the principal Act, the Arbitration Clauses (Protocol) Act, 1924, and the Arbitration (Foreign Awards) Act, 1930, and this Act may be cited together as the Arbitration Acts, 1889 to 1934.

(5) This Act shall not apply to Scotland or Northern Ireland.

(6) The enactments mentioned in the Third Schedule to this Act are hereby repealed to the extent specified in the third column of that Schedule.

(7) The Act shall come into operation on the first day of January, nineteen hundred and thirty-five.

**FIRST SCHEDULE.**

(Section 8.)

**Matters in respect of which the Court may make Orders.**

(1) Security for costs :

(2) Discovery of documents and interrogatories :

(3) The giving of evidence by affidavit :

(4) Examination on oath of any witness before an officer of the Court or any other person, and the issue of a commission or request for the examination of a witness out of the jurisdiction :

(5) The preservation, interim custody or sale of any goods which are the subject matter of the reference :

(6) Securing the amount in dispute in the reference :

(7) The detention, preservation or inspection of any property or thing which is the subject of the reference or as to which any question may arise therein, and authorising for any of the purposes aforesaid any persons to enter upon or into any land or building in the possession of any party to the reference, or authorising any samples to be taken or any observation to be made or experiment to be tried which may be necessary or expedient for the purpose of obtaining full information or evidence :

(8) Interim injunctions or the appointment of a receiver.

**SECOND SCHEDULE.**

(Section 20.)

**Provisions of Act which do not apply to Statutory Arbitration.**

Sub-section (1) of section one.

Section two.

Section three.

Sub-section (2) of section eight.

Sub-section (1) of section twelve.

Section fourteen.

Section sixteen.

**THIRD SCHEDULE.**

(Section 21.)

**Enactments Repealed.**

Session and Chapter.	Title or Short Title.	Extent of Repeal.
52 & 53 Vict., c. 49.	The Arbitration Act, 1889.	Paragraph (b) of section seven ; section nineteen ; paragraphs (c) and (e) of the First Schedule, and in paragraph (d) of that schedule the words "have al- lowed their time or extended time to expire without making an award or."
10 & 11 Geo. 5., c. 81.	The Administration of Justice Act, 1920.	Section sixteen.

**LOCAL AUTHORITY AUDIT  
REGULATIONS  
(ENGLAND AND WALES.)**

The following provisional regulations issued by the Ministry of Health came into operation on June 1st. They apply only to local authorities whose accounts, or part of whose accounts, are subject to audit by a District Auditor.

The Minister of Health hereby certifies under Section 2 of the Rules Publication Act, 1893, that on account of urgency the following Regulations should come into operation immediately, and in pursuance of the powers conferred on him by the Local Government Act, 1933 and of all other powers enabling him in that behalf, hereby makes the following Regulations to come into force immediately as Provisional Regulations.

**SHORT TITLE AND DATE OF OPERATION.**

1.—These Regulations may be cited as the Audit Regulations, 1934, and shall have effect on and after the first day of June, 1934.

**INTERPRETATION.**

2.—(1) The Interpretation Act, 1880, applies to the interpretation of these Regulations as it applies to the interpretation of an Act of Parliament.

(2) In these Regulations, unless the context otherwise requires :—

“The Act” means the Local Government Act, 1933 ;

“The Minister” means the Minister of Health ;

“Authority” means any local authority, board or joint committee whose accounts or part of whose accounts are subject to audit by a District Auditor, and “accounts” has reference to such of the accounts of the authority as are subject to audit by a District Auditor.

**REVOCATION.**

3.—The Orders mentioned in the Schedule to those Regulations are hereby revoked to the extent specified in the third column of that Schedule.

**FINANCIAL STATEMENT.**

4.—The financial statement of the accounts of an authority and the certificate of the District Auditor to be appended to each copy of such statement shall be in the forms and contain the particulars which have been prescribed by the Minister by order or other instrument in force on the date as from which these Regulations have effect.

**NOTICE OF AUDIT AND CERTIFICATE OF COMPLIANCE.**

5.—(1) Before each audit the authority shall at the time of giving the notice of the deposit of accounts required by sub-section (3) of section 224 of the Act give notice, in the manner prescribed by that sub-section in relation to the deposit of those accounts, of the time and place of holding the audit, and where the notice is by advertisement in a newspaper shall forward to the District Auditor a copy of the newspaper containing the advertisement as soon as may be after its publication.

(2) In the case of the audit of the accounts of a parish council or of a parish meeting, or of a joint committee of parish councils, the clerk or, if there is no clerk, the chairman of the parish council, parish meeting or joint committee, shall as soon as may be after the public notice required by sub-section (3) of section 224 of the Act and

by paragraph (1) of this Article has been given, forward to the District Auditor a certificate that he has complied with the provisions of the said sub-section and paragraph.

**PRODUCTION OF ACCOUNTS.**

6.—The person by whom the accounts of the authority are to be produced for audit shall be the officer or officers of the authority charged with keeping the accounts.

**ABSTRACT OF ACCOUNTS.**

7.—The authority shall after the completion of the audit forthwith make an abstract of the accounts as audited, and shall within fourteen days after the receipt by them of the report of the District Auditor give notice by advertisement in one or more local newspapers circulating in the district that the audit has been completed and that the said abstract has been deposited at the appropriate office of the authority and will be open for inspection at all reasonable hours by any local government elector for the area of the authority :

Provided that in the case of a parish council or parish meeting, or a joint committee appointed by any two or more of such bodies, the financial statement shall be treated as the abstract of accounts for the purposes of the Act and of these Regulations, and the authority shall, in lieu of giving notice by advertisement of the completion of the audit and the deposit of the abstract as required by this Article, give public notice within seven days of the completion of the audit and the deposit of the financial statement.

**AUDITOR'S REPORT AND FINANCIAL STATEMENT TO BE FURNISHED TO CONSTITUENT MEMBERS OF JOINT COMMITTEES.**

8.—Every joint committee or joint board, other than a joint committee appointed by parish councils or parish meetings, shall within six weeks after receiving the report of the District Auditor, send to the several authorities constituting the joint committee or joint board a copy of the report and of the financial statement of the accounts of the joint committee or joint board as certified by the District Auditor.

**AUDITORS' CERTIFICATES.**

9.—(1) A certificate given by a District Auditor of a disallowance or surcharge made by him in pursuance of the provisions of paragraphs (a) (b) (c) or (d) of sub-section (1) of section 228 of the Act shall specify—

(a) the amount of the disallowance or surcharge ; and

(b) in the case of a surcharge, the person upon whom the surcharge is made and the amount due from him.

(2) A certificate given by a District Auditor in pursuance of the provisions of paragraph (f) of sub-section (1) of section 228 of the Act shall include a statement that the Auditor has examined the accounts and has allowed them subject to any disallowance or surcharge which he may have made.

(3) A certificate given by a District Auditor under either of the two preceding paragraphs shall be signed by him and dated.

**EXTENSION OF TIME.**

10.—The Minister may, if he thinks fit in any particular case and subject to such conditions as he may impose, extend the period during which anything is required to be done under the foregoing provisions of these Regulations, provided that he is satisfied that there are special circumstances warranting the extension.

## SCHEDULE.

*Orders rescinded in whole or in part.*

Date of Order.	Title of Order.	Extent of rescission.
8th April, 1927	The Assessment Committees (Financial Statement and Audit of Accounts) Order, 1927.	Article 4.
19th March, 1928 ..	The Local Authorities (Audit) Order, 1928.	Whole.
21st October, 1931 ..	The Catchment Boards (Financial Statement and Audit of Accounts) Order, 1931.	Article 4.

**Society of Incorporated Accountants  
and Auditors.**

South African (Western) Branch, Cape Town.

## ANNUAL MEETING.

The eighth annual general meeting of the South African (Western) Branch was held at Cape Town on May 29th. In the absence of Mr. C. D. Gibson, Mr. W. B. Gurney was elected to the chair.

Mr. Gurney, in moving the adoption of the report, referred to several matters of interest to members that had taken place since the last annual meeting. During the year 21 articled clerks were placed on the register, seven members were elected as Associates, and one Associate advanced to Fellowship. Twenty-one candidates sat for the Final examination, of whom seven passed, and 21 for the Intermediate, of whom ten passed. The percentage of successful candidates showed little variation compared with the figures for the past few years. The Chairman congratulated Mr. M. H. Jacot-Guillarmod, of Bloemfontein, on securing Second Place Certificate (bracketed) and prize in the Intermediate examination, May, 1933, and Mr. L. M. Rood, of Cape Town, Seventh Place Certificate of Merit in the Final.

The arrangements decided upon at the conference in 1932 had resulted in closer co-operation between this Branch and the Cape Society of Accountants and Auditors. Mr. Gurney referred to the presentation made in November, 1933, to the Secretary of the Parent Society, Mr. A. A. Garrett, of his portrait in oils, and also to the Order of the British Empire recently conferred upon him. The Branch had taken the opportunity of sending congratulations from the members on both occasions.

The Committee had again voted the sum of twenty guineas to the Benevolent Fund, and the Chairman commended this fund to every member for hearty support.

The Chairman announced that no nominations had been received for members of the Committee. He accordingly declared Mr. A. N. Foot, Mr. W. B. Gurney and Mr. K. C. M. Hands re-elected for three years.

The meeting concluded with a vote of thanks to the Chairman and members of the Committee for their services during the past year.

**Apportionments in Relation to Executorship Accounts.**

A LECTURE delivered to the Incorporated Accountants' District Society of Liverpool, at Chester, by

Mr. W. R. BOOTH,  
INCORPORATED ACCOUNTANT.

Mr. BOOTH said: In the time at my disposal it will not be possible to deal fully with all the points involved. I shall endeavour to make a rapid survey of the various points so as to open up as large a field as possible for discussion, and for convenience I will split my observations into two main sections, viz:—

1. Apportionments that affect accounts for estate and legacy duty;
2. Apportionments between life tenant and remainderman;
  - (a). Under the Apportionment Act, 1870.
  - (b). Equitable apportionments.

**I.—APPORTIONMENTS AFFECTING ESTATE AND LEGACY DUTY ACCOUNTS.**

It is laid down by sect. 6 (5) of the Finance Act, 1894, that "Every estate is to include all income upon the property included therein down to and outstanding at the date of the deceased's death."

Taking the various assets in their order:—

**Investments.**—As regards investments, those quoted cum dividend at the date of death include in the price all accrued income to that date. Nothing further, therefore, need be included to comply with the section.

In the case of investments quoted ex dividend, however, it is necessary to add to the price the whole of the net amount of the dividend about to be received, not merely the proportion accrued to the date of death. The reason for this is that it is the practice of the Stock Exchange to reduce the cum dividend price by the full amount of the net dividend immediately the stock goes ex dividend.

It will not be unusual to find that in the case of quite a number of the investments which are ex dividend at the date of the deceased's death the dividend has been received immediately prior to the death, and is included in the amount of cash at bankers. Care is necessary to ensure that any such dividends are not included again in the appropriate section for dividends and interest declared and accrued due to date of death.

Particular treatment is required in the case of Treasury bonds and other investments which are quoted on a basis peculiar to themselves, i.e., exclusive of all interest. In such cases only the income accrued to the date of death on a day-to-day basis must be added to the price.

**Cash at Bankers.**—All bank interest accrued to the date of death must be added. The bank will usually apply the figure to the deceased's account so that this shows the balance at the date of death, inclusive of interest.

**Money out on Mortgage.**—Interest accrued to the date of death on a day-to-day basis, less income tax, must be added to the amount of the mortgage.

**Rents.**—Rents of the deceased's own real and leasehold property due prior to the death, but not received at that date, must be shown separately in the Inland Revenue affidavit, and there must also be included an apportionment of the rents of the current period calculated on a day-to-day basis.

**Income from Property of which the Deceased was Tenant-for-Life.**—Usually on the death of the life tenant the settled fund in which he was interested attracts estate duty on a C.I. account. In the free estate of the life tenant it is necessary to include the income on the settled

property accrued to the date of death, but such amount may be deducted from the capital value of the settled fund as included in the C.1 account.

These are the main assets in the estate duty account which involve apportionment.

#### ESTATE DUTY ACCOUNT.—DEDUCTIONS.

**Rent and Rates.**—Any liability for rent or rates due prior to and outstanding at the date of death may be deducted in full, together with the accrued proportion in respect of the current period.

**Taxes.**—It is perhaps better to deal with the deductions of income tax under separate schedules.

**Schedule A.**—The amount of tax on the proportion of the Schedule A assessment from the preceding April 6th to the date of death, calculated on a day-to-day basis, may be deducted as a debt due at the death. Where at the date of death Schedule A for the year to April 5th following has been paid in full, the estate duty office will require the amount paid in advance to be brought in as an asset at the date of death. Presumably the same course will apply in the case of rates, where the deceased has paid, prior to his death, the full amount of the rates for the financial year.

**Schedule B.**—Schedule B is also dealt with by apportionment on a day-to-day basis in the same manner as Schedule A.

**Schedules D and E.**—The assessment under these schedules, for the ultimate year, will in the main be ascertained by taking the actual income, profits or salary from the preceding April 6th to the date of death. Tax on the resulting assessment without any further apportionment will be a debt due at the death, as will any additional tax due by reason of the adjustment of the assessment of the penultimate year. If there is sufficient income either in taxed dividends or by direct assessment to cover the full allowances to which the deceased would have been entitled for the current year, these may be set off or repayment obtained.

Allowances are not apportionable. Therefore in the case of a person dying as early in the fiscal year as, say, May 31st, if the actual income from the preceding April 6th to that date was sufficient to cover the full allowances, these could be obtained.

**Sur-Tax.**—The question of sur-tax is best dealt with by illustration. Take the case of a person dying on December 30th, 1933 : Sur-tax, 1932-33, based on the income of the year to April 5th, 1933, will have been assessed and tax will be due on January 1st, 1934. All of this tax will be a debt due at the death. Sur-tax, 1933-34, will only be payable if the income from April 6th, 1933, to December 30th, 1933, exceeds the exemption limit, at present £2,000. This tax is also a debt due at the death.

In computing for purposes of sur-tax the assessable income for the period from April 6th to the date of death, Schedules A and B will be dealt with by apportionment on a day-to-day basis, Schedules D and E by the inclusion of the actual assessment for the ultimate year, and the sur-tax return will also include the actual dividends and interest received in the period from April 6th to the date of death. The accrued amount of current dividends and interest receivable after the death will not be included.

In most cases the executor will have to lodge a claim for repayment of tax on the deceased's allowances, owing to there being insufficient direct assessment to obtain set off. When making the claim only dividends and interest actually received prior to the death can be included. It has been held definitely in the case of *Commissioners of Inland Revenue v. Henderson's Trustees* (1931), (10 A.T.C., 292) that the income received after the death is not apportionable for the purpose of the deceased's claim.

Further, the executors are liable for assessment to income tax on all untaxed interest received by them, in spite of any apportionment under the Apportionment Act, 1870 (*Reid's Trustees v. Commissioners of Inland Revenue* (1929) (8 A.T.C., 213)).

#### MISCELLANEOUS.

With regard to the estate duty payable where marginal relief has operated, this sum has to be apportioned between realty and personalty in the proportion that each bears to the whole.

**Legacy Duty.**—The Revenue is entitled to legacy duty on all income accrued on the legacy from the date of death to the date of payment of the legacy. As regards pecuniary legacies, these are usually paid in the executor's year, and the question of interest, therefore, does not arise. Specific legacies, however, carry interest from the date of death, the legatee being entitled to all accrued income from the date of death to the date of assent, income accrued up to the date of death belonging, of course, to the testator's estate. Legacy duty is payable on the value of the legacy plus all accrued income to the date of assent. Moreover, the legatee is assessable to sur-tax on the income from the date of death in the various years in which it arises, irrespective of the fact that he may not have received any of such income until his legacy has received the assent of the executor, and been handed over to him, possibly after a period of some years (*Commissioners of Inland Revenue v. Haxley* (13 T.C., 327)). Presumably the assessments would be made on an actual receipts basis, apportionments being ignored.

When legacy duty is payable at once on the corpus the residuary account must include all income received and accrued from the date of death to the date of account. The observations at the commencement of this paper regarding accrued income in the estate duty account will also apply in the main to accrued income in the residuary account.

Legacy duty on the value of an annuity or life interest in the residue will not take accrued income into account, being itself based on the full year's income.

#### APPORTIONMENTS AS BETWEEN LIFE TENANT AND REMAINDERMAN.

##### (A) Under Apportionment Act, 1870.

Sect. 2 of the Act reads : "All rents, annuities, dividends and other periodical payments in the nature of income shall, like interest on money lent, be considered as accruing from day to day, and shall be apportionable in respect of time accordingly."

The following are not apportionable :—

1. Profits of a private partnership.
2. Profits of a voyage of a single ship company.
3. Rent payable in advance and other anticipatory payments.

Apportionment is made over the period in respect of which the payment of revenue is declared or expressed to be made. Normally the date of receipt is not of importance.

In the case of fixed interest bearing stocks no difficulty is occasioned except that the method of apportionment might be observed. For example : Half-year's interest to December 31st, 1933, on £20,000 4 per cent. debenture stock, gross £400 ; Income tax at 5s. in the £1, £100 ; net, £300. Suppose death to have occurred on December 30th, 1933, it would not be correct to take £20,000 at 4 per cent. less income tax for 183 days, as this would amount to more than the net amount of the full half-year's interest, but the amount of the interest to be retained as capital would be ascertained by taking  $\frac{183}{365}$  of £400, less income tax at 5s. in the £.

**Interim Dividends.**—An interim dividend received prior to the death is wholly capital, because anticipatory payments are not apportionable, but such interim dividend must be taken into account when apportioning the final dividend. The amount due to capital will be ascertained by taking the proportion accrued to the date of death of the interim dividend plus the final dividend, and deducting therefrom the amount of the interim dividend received prior to the death. If the amount of such apportionment applicable to income should be more than the amount of the final dividend actually received, income will be credited merely with the amount of such final dividend, i.e., no amount of the interim dividend received prior to the death can be credited to income. An interim dividend received after the death is best apportioned at once over the whole of the period in respect of which it is declared, but where the declaration has been made prior to the death the interim dividend will be treated as wholly capital.

**Cum. Preference Dividends.**—In the case of cum. preference dividends in arrear, apportionment is only necessary in respect of the year or period of the profit and loss appropriation account out of the credit balance of which the dividend is declared (*In re Wakley; Wakley v. Vachell* (1920)), and it would seem that this principle operates even where successive life tenancies are affected (*In re Marjoribanks; Marjoribanks v. Dansey* (1923)). For instance, suppose A died March 20th, 1920, leaving the income of his residuary estate to B for life, and then to C for life. B dies October 16, 1928. If, out of the profit and loss appropriation account of the year ended December 31st, 1928, a dividend is declared accounting for all arrears on one of the trust holdings from January 1st, 1920, the whole of such dividend will be credited to C.

The distinction between a preference dividend and mortgage interest must be borne in mind. The former does not become a debt until it is declared, the latter becomes a debt on the day it falls due. The importance of this will be seen when considering *re Atkinson* in equitable apportionments.

**Investments.**—As a general rule, investments bought cum dividend or sold ex dividend, the impending dividend, when received, is all income. There are, however, two exceptions to this rule :

- (1) When an investment is bought cum dividend after the dividend has been declared, the impending dividend is all capital, and
- (2) When an investment is sold ex dividend before the first interest after the death is received, such interest must be apportioned in the usual way as between capital and income.

When an investment is sold cum dividend, or bought ex dividend, no credit is given to income for the loss of interest. In this connection it might be well to note that it would appear from the case of *Monks v. Fox's Executors* (1928) that where securities are surrendered in part payment of death duties the interest accrued to the date of surrender should be credited to capital to make the transaction equivalent to a cum dividend sale.

These points are of particular importance on the death of a life tenant. Although the life tenant is entitled to income accrued to the date of his death, the general principle is that where stocks are sold cum dividend after the death of the life tenant, and before the dividend which would normally have been apportioned has been received, there will be no credit to the life tenant for loss of dividend. The *Bulkley v. Stephens* case should be borne in mind where, in particular circumstances, the life tenant was credited, out of the proceeds of sale, with an amount representing income accrued to the date of death.

Before leaving the subject of dividend apportionments,

it might be mentioned that sect. 7 of the Apportionment Act, 1870, provides that "the provisions of this Act shall not extend to any case in which it is or shall be expressly stipulated that no apportionment shall take place." This provision does not affect in any way any apportionments necessary in connection with the Estate Duty account.

Any clause inserted in a will with the intention of negating the Act requires careful wording. For example, neither of the following clauses would seem effectively to fulfil the intention to avoid apportionments. In neither case is it expressly stipulated that the provisions of the Apportionment Act, 1870, shall not apply, nor that no apportionment shall take place.

"The net income produced from all or any part of my estate however invested and of whatever description shall as from my death be applicable as income but no property which for the time being is not actually producing income shall be treated as producing income or entitling anyone to receipt of income."

"And I declare that the income of my personal estate however invested shall as from my death be treated and applied as income and no part thereof shall be added to capital."

Before dealing with equitable apportionments I would like to bring to your notice two cases where apportionment should take place.

First, where an annuity is directed to be paid "free of income tax," the relief to which the annuitant is entitled by way of allowances must be apportioned, and such a proportion as the net annuity bears to the annuitant's total net income must be refunded to the estate (*Le Fevre v. Petit* (38 T.L.R., 787)). Secondly, where the annuitant is assessable to sur-tax a portion of such sur-tax equivalent to the proportion of the annuity to the annuitant's total income must be borne by the estate (*re Bowring* (34 T.L.R., 575)).

#### (B) Equitable Apportionments.

##### 1. *Howe v. Earl of Dartmouth.*

Where residuary personality is to be enjoyed by one or more persons for life with remainder over, in the absence of evidence to the contrary, the assumption is that the testator intended an equitable balance to be maintained between the life tenant and the remainderman. To give effect to such intention it is the executor's duty to sell any wasting or hazardous property as soon as possible.

Wasting property is property which diminishes in value by effluxion of time, e.g., leases and copyrights ; hazardous property is all property other than securities authorised by law or by the will itself.

Income derived from such property is first to be apportioned in the usual way as between capital and income, and the life tenant is then only entitled to an equitable apportionment of the amount relating to the period after the death. Any excess over such maximum will be credited to capital as a sort of compensation to the remainderman for the risk attaching to his interest in the property.

The rule is applied in three different circumstances :

- (1) Where conversion takes place within the executor's year, the life tenant is entitled, as a maximum, to interest at 4 per cent. per annum less income tax on the net proceeds of the conversion from the date of death to the date of realisation.
- (2) Where the property could not have been converted in the executor's year without heavy loss to the estate, and in consequence conversion has been postponed, the life tenant's maximum is interest at 4 per cent. per annum less income tax on the probate value of the property.

This application of the rule operates also where there is a trust to convert with power to postpone.

- (3) Where the property could have been but was not converted within the executor's year, the life tenant's maximum is the interest which would have arisen from an investment in 2½ per cent. Consols of a sum representing the saleable value of the property at the end of the executor's year.

Where the estate investments are covered by a wide investment clause, or where there is an express power to retain existing investments, as distinct from a power to postpone conversion, the rule will not operate, and the life tenant will be entitled to the whole of the income.

The position of leaseholds was dealt with in the Law of Property Act, 1925, and clarified by a 1926 case, *re Brokers' Trusts*. The law now seems to be that in the case of leaseholds the whole of the income from the date of death until the date of conversion should be credited to the life tenant, but this in no way relieves the executor from his responsibility to convert at as early a date as possible.

#### 2. Earl of Chesterfield's Trusts.

This rule applies mainly to reversionary interests or interests in expectancy not producing income, and is intended to compensate the life tenant of the reversioner's estate for the loss of income. Where the reversioner has died before the tenant for life, and has left the income on his own residuary estate to some person for life, the latter will be at a disadvantage in that he will be receiving no income from this source as long as the tenant for life of the reversionary interest is alive.

In the absence of evidence of contrary intention by the testator, the lump sum received on realisation must be apportioned between capital and income by ascertaining the fund which, invested at the date of death and accumulated with 4 per cent. compound interest, less income tax, at yearly rests, would produce the lump sum at date of receipt. Such fund is capital and the balance is income.

#### 3. Re Atkinson.

"Where losses are sustained on the realisation of a mortgage, the principle and all arrears of interest outstanding at the date of realisation must be aggregated. The net proceeds of realisation must be divided in the ratio that the principal and arrears of interest respectively bear to the aggregate."

Arrears outstanding at the date of death are to be added to the principal for the purposes of apportionment, and not to the other arrears of interest.

In the case of foreclosed property, it has been held in a 1924 case, *re Horn's Estate*, that the tenant for life is entitled to the whole of the rents from the foreclosed property. The eventual net proceeds of sale are to be apportioned to the date of foreclosure under the rule in *re Atkinson*.

### II.—APPORTIONMENTS AFFECTING PAYMENTS.

#### 1. Re Perkins.

This rule applies where three conditions are existent :

- (a) Where the testator has in his life contracted to pay an annuity.
- (b) Where he has charged such annuity on the residue of his estate ; and
- (c) Where he has left such residue to some person or persons for life.

In such case the capital of the testator's estate is charged with such a sum as will, with 4 per cent. per annum simple interest, produce the instalment of the annuity due from time to time.

#### 2. Allhusen v. Whittell.

In the absence of any evidence to the contrary, it is assumed that the testator intended the life tenant to

enjoy the income from the pure residue, viz., the value of the personal estate at the date of death, less the value of specific bequests, debts, estate duty, general legacies, &c.

This being the case, the date of payment of these various items will have an effect on the amount of income the life tenant is entitled to. This will not matter in the case of specific bequests, because these carry income from the date of death, and the life tenant will not benefit at all from any delay in their payment ; but the date of payment of the remaining items is of importance.

According to the rule in the case, the full amount of the payments is not charged against capital, but only such a sum as would with interest from the date of death produce the various amounts at the dates of payment. In the original case the payments were presumed to have been made at the end of the executor's year, and accordingly interest for one year was taken, but the rule was modified in the case of *McEuen v. Phelps* (1913), when interest was taken only to the actual date of payment, and at 4 per cent. A further modification in a 1927 case directed that the rate of interest to be taken was dependent on the rate subsisting between the actual net income of the year succeeding death and the gross capital of the estate.

As will have been realised, the rule is a difficult one to apply in practice, and it is not unusual for the will to exclude the application of the rule, or even failing this for it not to be applied in practice when in the usual course the debts, &c. are paid very shortly after the death.

Needless to say, it is of great convenience when the will contains a comprehensive barring clause. The following, which is an extract from a will, would seem quite effectively to exclude apportionment under the Apportionment Act, 1870, *Howe v. Earl of Dartmouth, Earl of Chesterfield's Trusts*, and *Allhusen v. Whittell*.

"And I declare that all the net rents dividends profits and income arising from my estate real or personal until the sale calling in and conversion thereof and in whatsoever condition or state of investment the same may be and whether consisting of investments of an authorised character or not (including leaseholds or other property of a terminable or wearing-out nature) and whether earned or accrued due prior to my death or afterwards shall for all the purposes of this my will and as between all persons interested hereunder and as well during the first year after my death as afterwards be applied as if the same were income arising from the proceeds of such sale calling in or conversion or the investments of such proceeds no part thereof being liable to be retained as capital but that no reversion or other property not actually producing income shall be treated as producing income for the purposes of this my will."

### III.—APPORTIONMENT OF DISBURSEMENTS.

The broad principle regarding the apportionment of disbursements is that expenses incurred in realising and protecting the estate are chargeable against capital, whereas those incurred in the carrying on of the trust are chargeable against income.

For example :

#### Capital Charges :

1. Profits and losses on sale of investments.
2. Costs of appointing new trustees.

#### Income Charges :

1. Commission on letting of properties.
2. Expenses of maintenance of property.

As a golden rule, it is a good practice to credit any doubtful receipts to capital and charge any doubtful payments against income.

## QUESTIONS IN PARLIAMENT.

### Income Tax.

On May 29th Mr. JOHN WILMOT asked the Chancellor of the Exchequer what would be the cost to the Exchequer of substituting an allowance of five-ninths of the standard rate of tax of 4s. 6d. in the £ on the first £175 of taxable income of the present allowance of one half the standard rate and, alternatively, of restoring the allowance of five-ninths of the standard rate of 4s. 6d. in the £ on the first £250 of taxable income, which was in operation immediately prior to the passing of the Finance (No. 2) Act 1931, in place of the present allowance ?

Mr. CHAMBERLAIN : It is estimated that the alterations suggested in the question would cost about £4,000,000 and £13,000,000 respectively.

On May 29th Mr. STOURTON asked the Chancellor of the Exchequer if his attention has been drawn to the fact that, whereas Schedule A assessments are fixed and unalterable for five years where there is no change in the rental, the Board of Inland Revenue in cases of void periods, although no change has taken place in the rental value, make a practice of calculating gross re-assessments on the lower rent obtained, with consequential reduction of repairs allowance, thus depriving a property owner of a portion of the repairs allowance fixed by quinquennial assessment ; and whether he will take action to assure that in future the appropriate quinquennial repairs allowance is made in all cases ?

Mr. CHAMBERLAIN : I assume that my hon. Friend is referring to the allowance for void periods in the case of houses let in apartments or tenements, granted by sect. 21 of the Finance Act, 1930. If this is so, perhaps he will supply me with particulars of any case in which he considers that the relief granted is inequitable, when I will have the matter inquired into and communicate with him further.

On June 11th Sir W. SMILES asked the Chancellor of the Exchequer (1) whether, in view of the general undertaking given by the Solicitor-General to the House on June 13th, 1923, he will state what is the practice of the Board of Inland Revenue where a taxpayer has paid income tax upon more income than he has received, such income tax having been paid otherwise than by direct assessment under Schedule D or E, or under the rules relating thereto ?

(2) whether the Board of Inland Revenue retains income tax collected indirectly from a taxpayer on more income than a taxpayer has actually received and thereby discriminates in the administration of the income tax provisions as between one taxpayer and another ;

(3) whether, where a taxpayer has paid income tax on more income than he has received within the six years ended April 5th, 1934, and where the provisions of sect. 24 of the Finance Act, 1923, do not apply by reason of no assessment having been made, he will undertake that in such a case the Board of Inland Revenue will return to the taxpayer the excess income tax collected, and thereby implement the undertaking of the Solicitor-General ?

Mr. HORE-BELISHA : As regards the statement made by the Solicitor-General on June 15th, 1923, I would point out that he was describing the then practice of the Inland Revenue Department in relation to certain cases of over-payment of tax, and his undertaking was that a particular case of direct assessment under Schedule D, which had

been quoted in the Debate, would be considered, and that if the facts were as stated repayment would be made in accordance with the practice. As was indicated in the reply given on May 18th last to a question by my hon. and gallant Friend, that practice was put on a statutory basis by sect. 24 of the Finance Act, 1923. I am not clear as to the precise nature of the cases which my hon. and gallant Friend has in mind. If he will give me particulars of any such cases, I shall be happy to look into them and communicate with him further.

### Taxation (U.K. and Foreign Countries).

On June 21st, Sir R. GOWER asked the Chancellor of the Exchequer in terms of sterling the amount of taxation per head of population in the United Kingdom, France, Germany, Italy and the United States of America, respectively, on the latest available date ?

Mr. HORE-BELISHA : Data for a comparison including local taxation are not available for all the countries concerned. The amount of taxation per head for the central government only (excluding States governments in the United States and Germany) in the currencies of the countries concerned is stated below, but my hon. Friend will appreciate that calculations of this kind are an inadequate guide to the true burden.

United Kingdom—£14 17s. 3d.

France—1,112 francs (£14 11s. 2d. \*).

Germany—111 Reichsmarks (£8 7s. 10d. \*)

Italy—387 lire (£6 12s. 4d. \*).

United States—30 dollars (£5 19s. \*).

\* As the foreign figures relate to different 12-monthly periods which have not yet expired it will be obvious that there is no satisfactory method of stating them in sterling. The sterling equivalents given above are valid only for the rates of exchange current on June 20th.

### Penny Postage.

On June 5th, in reply to a question by Sir R. GOWER, the POSTMASTER-GENERAL stated he was afraid he could not hold out any hope of the early introduction of penny postage. The estimated cost of introducing penny postage for letters weighing one ounce or less is between £6,500,000 and £6,750,000.

## Obituary.

### FRANCIS JOSEPH HARPER.

We have learned with regret that Mr. F. J. Harper, J.P., F.S.A.A., of the firm of Messrs. Harper, Kent and Wheeler, Incorporated Accountants, Shrewsbury, died on June 4th at the age of 66. Mr. Harper had been a member of the Society of Incorporated Accountants and Auditors since the year 1907 and became a Fellow in 1919. He was well known in Shrewsbury for his interest in public affairs and, besides being a justice of the peace, he was a member of the Education Committee and a supporter of many charitable institutions. Mr. Harper also showed active and sustained interest in the work of the Incorporated Accountants' Benevolent Fund, and was frequently present at the annual meetings of subscribers. During the Great War Mr. Harper was connected with the Territorial Association and rendered considerable service in regard to the accounts of that body and other war organisations.

# The Society of Incorporated Accountants and Auditors.

## RESULTS OF EXAMINATIONS, MAY, 1934.

### Passed in Final.

#### Order of Merit.

**LANGTON, ARTHUR EDWARD, LL.B.**, Clerk to Walter W. Bigg (Wilson, Bigg & Co.), Pomeroy House, 28A, Basinghall Street, London, E.C.2 (*First Certificate of Merit. Disqualified for Prize by age limit.*)

**BAILEY, DEREK OSWALD**, Clerk to R. M. Simpson (Widdowson & Simpson), 424-427A, Bank Chambers, 329, High Holborn, London, W.C.1. (*Second Certificate of Merit and Prize.*)

**COCKS, WILLIAM HARRY GREENFIELD**, County Accountant's Department, Kent County Council, Sessions House, Maidstone. (*Third Certificate of Merit and Prize.*)

**WILSON, ARTHUR**, Clerk to Volans, Leach & Schofield, 16 and 17, East Parade, Leeds. (*Fourth Certificate of Merit.*)

#### Alphabetical Order.

**ADAMS, WILFRID GEORGE**, Clerk to Cyril H. Temple (Temple, Gothard & Co.), 7-8, Norfolk Street, Strand, London, W.C.2.

**AHEARNE, ANTHONY THOMAS**, Clerk to W. A. Deevy & Co., 29, Barronstrand Street, Waterford.

**ALLEN, EDGAR PERCY**, Clerk to R. Cairns (F. W. Clarke & Co.), 24/28, Corridor Chambers, Market Place, Leicester.

**ALLEN, JOHN HENRY**, Clerk to B. W. Antoine (Stephenson, Smart & Co.), Queen Street Chambers, Peterborough.

**ANDERSON, ERNEST CHARLES**, Clerk to Chalmers, Wade & Co., 24, Coleman Street, London, E.C.2.

**APPLEYARD, WILLIAM**, City Treasurer's Office, Town Hall, Salford.

**ARKELL, CYRIL LESLIE**, Clerk to Lowe, Bingham & Matthews, 90, Fenchurch Street, London, E.C.3.

**BAILEY, FREDERICK ERNEST**, Clerk to Cooper-Parry, Hall, Doughty & Co., 20-21, High Street, Burton-on-Trent.

**BAIRAMIAN, DICRAN DOUROS**, Clerk to F. G. Jenkins (Woodington, Bubb & Co.), 5, Philpot Lane, London, E.C.3.

**BAKER, CHARLES NORMAN**, Clerk to Pelham, Plunkett & Co., The Quay, Waterford.

**BALLINGER, LESLIE JOSEPH GARDNER**, Clerk to Hays, Akers & Hays, 1, Queen Victoria Street, Mansion House, London, E.C.4.

**BALMFORD, TOM**, Clerk to Carter, Pattimore & Bostock, Union Bank Chambers, Market Place, Huddersfield.

**BANERJEE, DHIRENDRA NATH, B.Sc.**, formerly Clerk to K. S. Aiyar & Co., 49, Apollo Street, Bombay.

**BARKER, WILLIAM JOHN**, Clerk to P. C. Miall (Martin, Farlow & Co.), 34-36, Gresham Street, London, E.C.2.

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**BELL, JAMES THOMAS**, Clerk to Frederick Willett (Willett, Son & Garner), 1, Cooper Street, Manchester.

**BENNION, EDWARD**, County Accountant's Department, Kent County Council, Sessions House, Maidstone.

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**CHAPMAN, WILLIAM GEORGE**, Clerk to Gundry, Cole, Bond, Straus & Manning, 3, Great Winchester Street, London, E.C.2.

**COCHRANE, DOUGLAS BERNARD**, County Treasurer's Department, Lancashire County Council, County Offices, Preston.

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**DIX, WILLIAM**, Clerk to P. W. Lawrie & Alton, Morley House, London Road, Leicester.

**DODD, ERNEST MATTHEW**, Clerk to W. L. Jackson & Hesketh, 51, North John Street, Liverpool.

**EDWARDS, THOMAS LEONARD**, Clerk to Walter Baird & Co., District Bank Chambers, 1, Frodsham Street, Chester.

## FINAL.—(Continued).

- EMMANS, ROBERT JESSE FOLD (Fold-Emmans & Co.,) 74, Broad Street, Teddington, Middlesex, Practising Accountant.
- FIRTH, EDWARD EWART, Clerk to Norman Hurtley, Atlas Chambers, King Street, Leeds.
- FISHER, ALFRED GEORGE, Finance Department, Coulsdon and Purley Urban District Council, Council Offices, Purley, Surrey.
- FISHER, ERIC WILFRED, Clerk to Edward D. Edwards, Temple Bar House, 226, Strand, London, W.C.2.
- FISHWICK, HAROLD, Clerk to Frank Harrop (Frank Harrop & Co.), 10, Norfolk Street, Manchester.
- FREE, LEONARD WILLIAM, Clerk to R. York Rickard (Darr, Rickard & Co.), Royal London House, Finsbury Square, London, E.C.2.
- GAY, DONALD FRANK, Clerk to Philip E. Farr (Philip E. Farr, Rose & Co.), Bassishaw House, 70A, Basinghall Street, London, E.C.2.
- GILES, WILLIAM STAFFORD, Clerk to S. J. Dudbridge & Sons, 8, Lansdown, Stroud, Gloucestershire.
- GINSBERG, ISRAEL, Borough Treasurer's Department, Metropolitan Borough of Stepney, Municipal Offices, Raine Street, Old Gravel Lane, London, E.1.
- GOODMAN, JACK, Clerk to George A. Peace (George A. Peace & Co.), 48, Castle Street, Liverpool.
- GREEN, CHARLES HENRY, Clerk to Clarkson, Hyde & Co., 34, London Wall, London, E.C.2.
- HARCOURT, LESLIE CHARLES, Clerk to H. T. Gore Gardiner, 238-243, Temple Chambers, Temple Avenue, London, E.C.4.
- HARE, SYDNEY CHARLES, formerly Clerk to Booth, Anderson & Co., 40-43, Norfolk Street, London, W.C.2.
- HARMAN, WILLIAM RAYMOND, Borough Treasurer's Department, Town Hall, Wolverhampton.
- HARRIS, EDWARD JAMES, Clerk to Slater, Chapman & Co., Viaduct Chambers, 38, Holborn Viaduct, London, E.C.1.
- HART, JOHN NORMAN EDWARD, Clerk to Meredith, Turner & Co., 126, Colmore Row, Birmingham.
- HARVEY, BENJAMIN HYDE, City Treasurer's Office, Exchange Buildings, Cheapside, Nottingham.
- HASTINGS, STANLEY, Clerk to C. S. Garraway, 19, North Church Street, Sheffield.
- HAWORTH, LIVESEY, Clerk to W. Ainsworth, 47, Ainsworth Street, Blackburn.
- HAY, HATTLEY PERRY, City Accountant's Office, Municipal Offices, 43, Northgate Street, Chester.
- HELLMUTH, JOHN ERNEST, Clerk to Frank N. Clarke (Hilton, Sharp & Clarke), 4, Pavilion Buildings, Brighton.
- HEWETT, PERCIVAL CHARLES, Clerk to Hogg, Bullimore & Co., River Plate House, Finsbury Circus, London, E.C.2.
- HOCKEY, STANLEY GEORGE, Clerk to Alban & Lamb, Barclays Bank Chambers, Newport, Mon.
- HODGES, JOHN SYDNEY, Chief Financial Officer, Ebbw Vale Urban District Council, Finance Department, Armoury Hill, Ebbw Vale.
- HODSON, CHARLES HENRY, Clerk to M. P. Ferneyhough, 6, Commerce Street, Longton, Stoke-on-Trent.
- HUSTWICK, MAURICE WADE, Clerk to Wade Hustwick, 70, Kirkgate, Bradford.
- INGLIS, HAROLD WILFRID, Clerk to Sir Thomas Keens (Keens, Shay, Keens & Co.), 11, George Street West, Luton.
- JEFFERY, NORMAN CLARE, H.M. Inspector of Taxes, City 17th District, Imperial House, South Street, London, E.C.2.
- JELFS, WALLACE VICTOR, Clerk to Hackett & Oliver, 36, Cannon Street, Birmingham.
- JOINT, GEORGE, Clerk to Thomson, McLintock & Co., 71, Queen Street, London, E.C.4.
- JONES, ERNEST JAMES, Clerk to Butterworth & Bell, 18, Cornhill, Bridgwater.
- JONES, FRANCIS JOHN COVENTRY, Clerk to E. J. Riches & Son, 12, Bank Street, Norwich.
- KEATINGE, CLIFFORD OSBORN, Clerk to Gooding, White & Co., 14, High Street, Stoke Newington, London, N.16.
- KENNEY, HERBERT JAMES, Clerk to John Rowley & Co., 7, St. Martin's East, Leicester.
- KNIGHT, FREDERICK GEORGE, Clerk to A. E. Turberville & Co., 20, Essex Street, Strand, London, W.C.2.
- LAING, JAMES FREDERICK, Clerk to Egerton, Chater & Co., 74, Cheapside, London, E.C.2.
- LAMMING, MAURICE, Clerk to J. T. Lloyd, 63, Fore Street, Trowbridge.
- LEE, THOMAS ROUSELL, Clerk to Edmund D. White & Sons, London and Lancashire Chambers, Dale Street, Liverpool.
- LEISHMAN, JOHN, Treasurer's Department, County Council of the County of Renfrew, County Buildings, Paisley.
- LEONARD, MARY, Clerk to A. Hornby (Dunn, Hornby & Co.), Royal Exchange Buildings, Nairobi, Kenya Colony.
- LEPPER, HAROLD MURRAY, Clerk to H. E. Lacey (F. Roberts & Co.), 15, Guildhall Road, Northampton.
- LONG, PHILIP, Clerk to Chalmers, Wade & Co., 5, Fenwick Street, Liverpool.
- LYNN, WILLIAM SLADE, Clerk to Edward Bicker & Son, Exchange Buildings, Upper Hinton Road, Bournemouth.
- MALOOR, RAMA KRISHNA, B.A., formerly Clerk to R. P. Dalal, Navsari Chambers, Outram Road, Fort, Bombay.
- MEAD, RICHARD FRANK, Clerk to Leonard Benbow (Benbow & Airs), 2A, Sheep Street, Northampton.
- MEREDITH, GEORGE, Clerk to Whitfield, Wilson, Couper & Co., Martins Bank Chambers, Park Row, Leeds.
- METCALFE, RICHARD, Clerk to Thomas C. Forster, 42, Deansgate, Manchester.
- MILLER, JOHN BROADFOOT, Burgh Chamberlain's Office, Coatbridge.
- MORAN, FRANK WILLIAM, Clerk to Clement Keys & Son, Athenaeum Chambers, 71, Temple Row, Birmingham.
- MORETON, JOHN, Clerk to Ashworth, Mosley & Co., Lombard Chambers, 46, Brown Street, Manchester.
- MORSE, ALEXANDER JOHN, Borough Treasurer's Department, County Borough of West Ham, Municipal Offices, The Grove, Stratford, London, E.15.
- MUSTON, STANLEY FRANK, Clerk to J. C. Carr Braint, Co-operative Chambers, Carts Lane, Leicester.
- PAUL, ARTHUR JOHN, Clerk to Peat, Marwick, Mitchell & Co., 11A, Chapel Street, Camborne.
- PAXTON, JOHN THOMAS, Clerk to E. Victor Amsdon (Amsdon, Son, Wells & Jackson), 22, Walbrook, London, E.C.4.
- PELHAM, ROBERT FRANK EYLES, Clerk to Geo. W. Spencer & Co., 10, Bush Lane, Cannon Street, London, E.C.4.
- PIKE, WALTER JOHN, Borough Treasurer's Department, Metropolitan Borough of Stepney, Municipal Offices, Raine Street, Old Gravel Lane, London, E.1.

## FINAL.—(Continued).

- PIPER, ARTHUR, Clerk to Ivor H. Slater (Bradley & Slater), 584, Christchurch Road, Boscombe, Bournemouth.
- POLLOCK, JOHN ALPHONSUS, Clerk to Atkins, Chirnside & Co., 11, South Mall, Cork.
- PORTER, SIDNEY, 6, 7 and 8, County Chambers, Weston Road, Southend-on-Sea, Essex, Practising Accountant.
- POSTLE, BERTRAM GEORGE, Clerk to Bishop & Hayden, 32, Prince of Wales Road, Norwich.
- POWERS, GEORGE DUDLEY, Clerk to Painter, Mayne & Walker, 103, Cannon Street, London, E.C.4.
- PRITCHARD, HENRY MAURICE, Clerk to Osman W. Davies (O. W. Davies, Mumford & Co.), Market Chambers, High Street, Kidderminster.
- PUGH, FRANCIS VIVIAN ADLINGTON, Clerk to F. Dubois (Dubois & Co.), 45, Museum Street, London, W.C.1.
- RALPH, ALBERT CECIL, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, Finsbury Circus, London, E.C.2.
- RATCLIFFE, GEOFFREY LEWIS, Clerk to Ivor H. Slater (Bradley & Slater), 584, Christchurch Road, Boscombe, Bournemouth.
- READY, GEORGE ALAN, Clerk to Andrew Brodie (J. Paterson Brodie & Son), Moor House, Moorland Road, Burslem, Stoke-on-Trent.
- RENDELL, ALBERT EDWARD JOHN, Audit Department, No. 2a, Ministry of Health, 32, Unthank Road, Norwich.
- REYNOLDS, JACK, Clerk to Goldie, Campbell & Robins, Bank Chambers, Lowgate, Hull.
- RICE, LESLIE JAMES, Clerk to Brown, Peet & Tilly, 37-38, Mark Lane, London, E.C.3.
- RICHARDS, GEORGE MEREDITH, Clerk to D. H. Husband, Adelaide House, Adelaide Street, Cardiff.
- RIGBY, JOHN, Clerk to Litton, Pownall, Blakey & Higson, 42, Spring Gardens, Manchester.
- RIVERS, ALFRED PETER, Clerk to Dangerfield, Brewis & Mays-Smith, 56, Cannon Street, London, E.C.4.
- ROBERTSON, THOMAS, City Chamberlain's Office, 285, George Street, Glasgow.
- ROGERS, RONALD WILLIAM, Clerk to Albert Loveridge, 40, Hoghton Street, Southport.
- ROY, AMIYA MOHON, B.Sc., formerly Clerk to Robertson & Co., First Avenue House, High Holborn, London, W.C.1.
- SANDERSON, JACK, Clerk to Norman Sacker, 3, Rochdale Road, Bury.
- SHANNON, EDWARD, Clerk to John James (John James & Co.), 4, Walbrook, London, E.C.4.
- SHAW, JOHN EDWARD, Clerk to Nathaniel Duxbury, Son & Co., Alexandra House, 49, Preston New Road, Blackburn.
- SHEARD, PERCY (Fred Sheard & Sons), 5-6, Kirkgate Buildings, Huddersfield, Practising Accountant.
- SHELTON, EDWIN HARVEY ST. JOHN, Clerk to Gill, Hornby & Co., P.O. Box 21, Nakuru, Kenya Colony.
- SHUTT, FREDERICK HOWARD, Clerk to W. L. Leech (Cooper, Parry, Hall, Doughty & Co.), 102, Friargate, Derby.
- SMITH, ALFRED WILLIAM HOLT, Clerk to Jackson, Pixley & Co., 58, Coleman Street, London, E.C.2.
- SMITH, CHARLES AUSTEN, Clerk to Miss Amy Charman, Sundial House, 49-50, High Street, Guildford.
- SMITH, HORACE GORDON, Clerk to W. P. Keeling (Keeling & Co.), 67-69, Watling Street, London, E.C.4.
- SOPPITT, HARRY, 70, Devonshire Road, Linthorpe, Middlesbrough, Practising Accountant.
- SOUTHWORTH, JOHN, Clerk to Porter, Matthews & Marsden, 43, Preston New Road, Blackburn, Lancs.
- SPENCER, KENNETH, Clerk to Samuel Slater (Samuel Slater & Sons), 11, Queen Street, Oldham.
- STEWART, JOHN, Burgh Chamberlain, Burgh Court Buildings, Grangemouth.
- SUGDEN, WILLIAM JAMES, B.Com., Clerk to B. Sugden, St. George's Chambers, Athol Street, Douglas, I.O.M.
- TAFFS, ALFRED JOHN, Clerk to John Craggs & Co., 3, London Wall Buildings, London, E.C.2.
- TAVERNOR, CLARENCE ALFRED, Clerk to Donald H. Bates (Donald H. Bates & Co.), 10, Cheapside, Hanley, Stoke-on-Trent.
- THOMAS, HAROLD ERNEST, Clerk to Hubert Cashman (Holmes-White, Herbert & Co.), 476, Barking Road, Plaistow, London, E.13.
- THOMSON, JOHN ROBB, Clerk to William Webster, Arbuthnot House, Peterhead.
- THORNER, THOMAS, Audit Department, Co-operative Wholesale Society, Ltd., 99, Lemon Street, London, E.1.
- TOMLIN, GEORGE FREDERICK, Clerk to L. F. Elverstone, Temple Chambers, Coalville, Nr. Leicester.
- TUCKWELL, WILLIAM ARTHUR, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2.
- WAGSTAFF, LIONEL HERBERT, Clerk to William R. Baskett (Bobart, Baskett & Co.), 65-66, Basinghall Street, London, E.C.2.
- WATTERSON, HAROLD WILLIAM, Clerk to C. R. Riddington (Taylor, Froude & C. R. Riddington), Crown Buildings, Loseby Lane, Leicester.
- WELLDEN, HENRY JAMES, Clerk to Egerton, Chater & Co., 74, Cheapside, London, E.C.2.
- WHALLEY, CHARLES ERNEST JOHN, Clerk to C. Dudley Whitnall (Charles R. Whitnall & Son), 14, Tithebarn Street, Liverpool.
- WHELAN, WILLIAM FRANCIS, B.Com., Clerk to Chipchase, Wood & Jacobs, Harleyson House, 74, Newman Street, London, W.1.
- WIDALL, JOHN EDLY HUGH, Clerk to Frank W. Flint (Boaler & Flint), Bromley House, Angel Row, Nottingham.
- WILKINS, WALTER THOMAS, Clerk to Clench, Hewitt & Co., 10, Norfolk Street, London, W.C.2.
- WILLIAMS, GEORGE WILLIAM HENRY, City Treasurer's Department, Town Hall, Stoke-on-Trent.
- WILLIAMS, HAROLD GRONWY, Clerk to William Sunderland (Lee & Mitchell), Craven Bank Chambers, North Street, Keighley.
- WORMALD, WILLIAM HENRY, County Accountant's Department, County Offices, St. Mary's Gate, Derby.
- WORTHINGTON, WILLIAM GILES, Borough Treasurer's Department, Municipal Buildings, Middlesbrough.
- WRIGHT, ALEXANDER EARL, Clerk to Norman K. Heatley (Robert Heatley & Co.), 33, Brazenose Street, Manchester.
- WROOT, WALTER BELL, Clerk to Alfred Wroot, 7, West St. Mary's Gate, Grimsby.
- WYNEKEN, HERBERT LESLIE, Clerk to Jones, Crewdson & Youatt, 7, Norfolk Street, Manchester.
- SUMMARY :—**
- 4 Candidates awarded Honours.  
156 Candidates passed.  
217 Candidates failed.
- 
- 377 Total.

**Passed in Intermediate.**  
*Order of Merit.*

- SINNOTT, ERNEST, Borough Treasurer's Department, Town Hall, Middleton. (*First Place Certificate and Prize.*)
- KEENE, RONALD WALLACE, Clerk to Spain Brothers & Co., 45, London Wall, London, E.C.2. (*Second Place Certificate.*)
- MACKERELL, JOHN ALEXANDER, Chamberlain's Department, City Chambers, Dundee. (*Third Place Certificate.*)
- METHOLD, REGINALD CLIFFORD, Clerk to Carpenter, Box & Co., Liverpool Chambers, Worthing. (*Fourth Place Certificate.*)
- MACRAE, DUNCAN CHARLES, Clerk to Percy G. Stenbridge, Cadogan Chambers, 6, Cherry Street, Birmingham, 2. (*Fifth Place Certificate.*)
- RUSHFORTH, WILLIAM EDWARD, Clerk to C. J. Twist (Latham & Taylor), Martins Bank Chambers, Market Place, Wigan. (*Sixth Place Certificate.*)
- KIRKLAND, WILLIAM, Lanarkshire County Treasurer's Department, 191, Ingram Street, Glasgow. (*Seventh Place Certificate.*)
- SPROSON, WILFRED CLARENCE (T. E. Lowe & Co.), Grosvenor Chambers, 73, Lichfield Street, Wolverhampton, Practising Accountant. (*Eighth Place Certificate.*)

*Alphabetical Order.*

- ADAMS, REGINALD WILLIAM, Clerk to Leslie C. Stewart, Avenue Chambers, Southampton Row, London, W.C.1.
- ALLEN, JAMES ATKINSON, Clerk to Arthur H. Hughes (Hughes & Allen), 36-37, King Street, Cheapside, London, E.C.4.
- ANGOOD, ARTHUR STANLEY, Clerk to R. G. Shannon, St. George's Chambers, Douglas, I.O.M.
- ASH, GEORGE HENRY, Clerk to F. W. Hanson, Court Chambers, Jessop Street, Castleford.
- BAMFORD, HERBERT VIVIAN, Clerk to W. Pearson (J. Pearson & Son), 5, Godwin Street, Bradford.
- BARNES, HAROLD, Clerk to Proctor & Proctor, Bindloss Chambers, 4, Chapel Walks, Manchester, 2.
- BARTON, FRANCIS HENRY, Clerk to E. W. Johnson (Holmes & Turner), Arcade Chambers, Wigan.
- BASU, PRODYOT KUMAR, B.Sc., formerly Clerk to P. K. Ghosh & Co., Central Bank Buildings, 100, Clive Street, Calcutta.
- BASU, SISIR KUMAR, B.A., formerly Clerk to Ford, Rhodes, Thornton & Co., Tower House, Chowinghee Square, Calcutta.
- BATES, JOHN GORDON, Clerk to Begbie, Robinson, Cox & Knight, 3, Raymond Buildings, Gray's Inn, London, W.C.1.
- BEDDING, ASHLEY HENRY, City Treasurer's Department, Council House, Coventry.
- BEENY, WALTER LESLIE, Finance Department, Surrey County Council, County Hall, Kingston-on-Thames.
- BELLAMY, ARTHUR, Clerk to Stanley I. Wallis, 3, King John's Chambers, Bridesmith Gate, Nottingham.
- BELLCHAMBERS, JACK KENNETH, Clerk to Francis W. E. King (Francis F. King & Son), 47, Great Russell Street, London, W.C.1.
- BERRY, GEOFFREY VICTOR, Clerk to S. Leaman, City Treasurer, Council House, Bourne Hill, Salisbury.
- BIRCH, ALBERT, Clerk to Evans, Peirson & Co., Portland House, 73, Basinghall Street, London, E.C.2.
- BLACKSHAW, SAMUEL CHARLES, Clerk to W. S. Hill Roberts, Temple Chambers, 65, Lichfield Street, Wolverhampton.
- BOOTH, ROBERT GORDON BEALAND, Clerk to T. G. N. Hollings (Hollings, Crowe, Storr & Co.), 39, Park Square, Leeds.
- BOULTON, ARTHUR JOSEPH JAMES, formerly Clerk to J. Paterson Brodie & Son, Moor House, Moorland Road, Burslem, Stoke-on-Trent.
- BOWRAN, STANLEY, City Treasurer's Office, Town Hall, Wakefield.
- BROAD, HORACE WILFRID, Clerk to G. E. L. Whitmarsh (Robinson & Whitmarsh), 24, Bedford Street, Plymouth.
- BROADLEY, JACK, Clerk to C. Yates Lloyd & Co., 2, Cooper Street, Manchester.
- BRICKHURST, MAURICE VICTOR, Clerk to F. V. Arnold (Carpenter, Arnold & Turner), Midland Bank Chambers, 153, North Street, Brighton, Sussex.
- BROOKS, LEONARD, Clerk to Crowther Brothers, Beaty's Chambers, Hotel Street, Bolton.
- BROWN, JOHN NEWMAN, Clerk to G. E. L. Whitmarsh (Robinson & Whitmarsh), 24, Bedford Street, Plymouth.
- BROWNING, JOHN FREDERICK THEODORE, Clerk to F. H. Crouch (S. E. Denning & Co.), 20, Bedford Row, London, W.C.1.
- BRYANT, WILLIAM THOMAS, Clerk to D. Roth and E. G. Wolfe, 6, Vigo Street, London, W.1.
- BUCKLE, BERNARD JOHN CHARLES, Clerk to H. J. E. Batchelor, 5, High Street, Southampton.
- BUZZ, CHARLES ARTHUR, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2.
- CALLISTER, THOMAS, Clerk to J. B. Bolton, 42, Athol Street, Douglas, I.O.M.
- CALVERT, WILLIAM HARPUR, Clerk to Norman Booth (Norman Booth & Co.), Donegall Chambers, Donegall Place, Belfast.
- CARROLL, RICHARD VALENTINE, Clerk to F. N. Kelly (W. A. Deevy & Co.), 29, Barronstrand Street, Waterford.
- CHAKRAVARTI, BIBHUTIBHUSON, B.Com., formerly Clerk to Tarmaster & Co., Temple Chambers, 6, Old Post Office Street, Calcutta.
- CHARLES, ERNEST FRED, Audit Department, Ministry of Health, 312, Kettering Road, Northampton.
- CHOWDHURY, NARESH CHANDRA, B.Sc., formerly Clerk to S. K. Day & Co., 6, Stephen House, 5, Dalhousie Square, Calcutta.
- CLARKE, REX ALEXANDER, Clerk to A. T. Keens (Keens, Shay, Keens & Co.), 11, George Street West, Luton, Beds.
- CLIFFORD, TIMOTHY JOSEPH, B.Com., Clerk to F. N. Kelly (W. A. Deevy & Co.), 29, Barronstrand Street, Waterford.
- CLIFTON, SYDNEY CHARLES, Clerk to Fookes, Wyatt, Williams & Hickman, 796, Salisbury House, London Wall, London, E.C.2.
- CLUTTERBUCK, JOHN EDWARD, Clerk to M. Mustardier (Mustardiers), 69, Downs Road, London, E.5.
- CLYNE, ALEXANDER WILLIAM HENRY, Clerk to Price, Waterhouse & Co., 3, Frederick's Place, Old Jewry, London, E.C.2.
- COCKS, BASIL CHARLES, Clerk to Dixon, Wilson, Tubbs & Gillett, 24, Basinghall Street, London, E.C.2.
- COLLETT, EDWARD FREDERICK, Clerk to Dixon, Wilson, Tubbs & Gillett, 24, Basinghall Street, London, E.C.2.
- COLLEY, CHARLES, Clerk to Harry Cunningham (Harry Cunningham & Co.), King's Chambers, Angel Street, Sheffield, 1.
- CORBIDGE, ERIC HARRY, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2.

## INTERMEDIATE.—(Continued).

- CUNDY, FRANCIS WILLIAM, Clerk to Ware, Ward & Co., 4, Fleet Street, Torquay.
- CUSTARD, HAROLD ALBERT, Clerk to W. Thomas (Fredk. J. Webb, Krinks & Thomas), 1, Yelverton Road, Bournemouth.
- DADABHOY, JAL NARIMAN, B.Sc., formerly Clerk to Chandabhoi & Jessobhoi, Morarbai Building, 43, Apollo Street, Fort, Bombay.
- DARBY, ROBERT GERALD, Clerk to W. W. Beer (W. W. Beer, Aplin & Co.), 17, Bedford Circus, Exeter.
- DAVID, LESLIE FRANCIS, Clerk to Josiah Beddoe & Son, Liverpool House, 15-17, Eldon Street, London, E.C.2.
- DAVIES, DAVID JAMES, Borough Treasurer's Office, Town Hall, Ilford.
- DAVIES, JOSEPH RAYMOND, Clerk to T. R. Morris (Clarke, Dovey & Co.), 31, Queen Street, Cardiff.
- DAVIS, HOWARD CHARLES THOMAS, Clerk to W. J. Landray, 9, High Street, Midsomer Norton, Bath.
- DENNEY, HAROLD WILLIAM, City Treasurer's Office, Municipal Buildings, Liverpool, 2.
- DIXON, RALPH, Clerk to T. Coombs (Thomas Coombs & Son), Oxford Chambers, Victoria Square, Leeds.
- DRIVER, EDWARD, Clerk to James Burgess, Bridge Chambers, 16, Market Place, Stockport.
- DRIVER, RONALD EDWARD, Borough Treasurer's Department, 13, Balmoral Road, Gillingham, Kent.
- DUBOIS, EDWARD GEORGE, Clerk to F. Dubois (Dubois & Co.), 45, Museum Street, London, W.C.1.
- EAMES, KENNETH MORTIMER, Clerk to W. J. Norfolk (Pike, Norfolk & Co.), 15, Colne Road, Clacton-on-Sea, Essex.
- ELLINS, ALBERT GEORGE, Clerk to Stoy, Hayward & Co., 103, Cannon Street, London, E.C.4.
- ELLINS, SYDNEY FREDERICK, Clerk to W. B. Keen & Co., 23, Queen Victoria Street, London, E.C.4.
- EVANS, JOHN RAYMOND, Clerk to R. C. L. Thomas (Walter Hunter, Bartlett, Thomas & Co.), 24, Bridge Street, Newport, Mon.
- FEAST, KENNETH JACK, Accountant's Department, Metropolitan Water Board, 173, Rosebery Avenue, London, E.C.1.
- FISHER, HAROLD CHARLES, Clerk to M. Benjamin (Woodington, Bubb & Co.), 64, West Smithfield, London, E.C.1.
- FITZPATRICK, JOHN IGNATIUS, Clerk to Robert J. Kidney, 12-14, College Green, Dublin.
- FOXALL, LOUIS OWNSWORTH, Clerk to Leslie Lewis (Ransom, Harrison & Lewis), 11, York Street, Sheffield, 1.
- FRENCH, FRANK WESTMORE, Clerk to W. L. Tuck (Trevor Davies, Tuck & Co.), 160, High Street, Camden Town, London, N.W.1.
- FRENCH, HAROLD GAINSFORD, Clerk to N. Keith Silver (Cassleton Elliott & Co.), 4-6, Throgmorton Avenue, London, E.C.2.
- GARDINER, ALBERT BEN, Clerk to H. Lomax (H. Lomax & Co.), 83, Bridge Street, Manchester, 3.
- GAUNT, STANLEY WOMERSLEY, Clerk to Armitage & Norton, Atlas Chambers, King Street, Leeds.
- GILBERG, ANDREAS RONALD, Clerk to Thomas Rodger, Percy Chambers, 29, Grainger Street West, Newcastle-upon-Tyne.
- GOLDSMITH, RONALD WILLIAM, Clerk to Burnett, Swayne & Stothert, Echo Buildings, Richmond Hill, Bournemouth.
- GORDON, KENNETH FLEETWOOD, Clerk to C. A. Holliday (C. A. Holliday & Co.), First Avenue House, High Holborn, London, W.C.1.
- GRAHAM, THOMAS LESLIE ARTHUR, Clerk to Cooper & Cooper, 49, Eastcheap, London, E.C.3.
- GREET, ERIC BENJAMIN, Clerk to A. J. Northcott (A. J. Northcott & Co.), 14, Princess Square, Plymouth.
- GRIER, WILLIAM MATTHEW, Clerk to James A. Scott, Town Chamberlain, Green Street, Kilmarnock.
- GRIFFITH, JOHN EDWARD LLEWELYN, Clerk to W. Norman Bubb (Woodington, Bubb & Co.), 5, Philpot Lane, London, E.C.3.
- GRIFFITHS, ARNOLD CLIFFORD, Clerk to Leonard Ross (Gwynne & Ross), Walker Street Chambers, Wellington, Shropshire.
- GRIFFITHS, FREDERICK WILLIAM ORTON, Clerk to R. Duncan French (R. Duncan French & Co.), 17, North John Street, Liverpool, 2.
- GUBBAY, DAVID, Clerk to M. Widdowson (Widdowson, Simpson, Wreford & Co.), 424-427A, Bank Chambers, 329, High Holborn, London, W.C.1.
- HARDY, FRANCIS WALTER, Clerk to Barnett & Turner, West Gate, Mansfield.
- HARFORD, WILLIAM PERCY, Clerk to Stanley F. Stephens (Stanley F. Stephens & Co.), 16-17, New Hibernia Chambers, London Bridge, London, S.E.1.
- HARGREAVES, CEDRIC, Clerk to Frederick R. Petty, Court Chambers, North Street, Keighley.
- HARRIS, NORMAN STANLEY, Clerk to Futcher, Head, Smith & Co., 110, Cannon Street, London, E.C.4.
- HARRISON, CHARLES ELON, Clerk to Alan F. Kimpton (Kimpton, Holland & Co.), Tredegar Chambers, Bridge Street, Newport, Mon.
- HARRISON, MILES WILLIAM, Clerk to Wilfred Tullett, Market Place, Darlington.
- HAWKINS, LESLIE HENRY, formerly Clerk to Frank C. Bevan & Co., Exchange Buildings, Swansea.
- HERBERT, REGINALD HERBERT, Clerk to A. E. J. Holland (Kimpton, Holland & Co.), Tredegar Chambers, Bridge Street, Newport, Mon.
- HERRING, DUDLEY FOSTER, Assistant Tithe Accountant, Queen Anne's Bounty, Bounty Office, 3, Dean's Yard, Westminster, London, S.W.1.
- HILL, RODERICK HARRY, Clerk to Cooper & Cooper, 49, Eastcheap, London, E.C.3.
- HILLS, ALFRED, Clerk to J. Paxton Clarkson (Clarkson & Rumble), 16-17, Devonshire Square, London, E.C.2.
- HODSON, ALBERT JAMES, Clerk to J. T. Morrison, Town Chamberlain, Chamberlain's Office, Coatbridge.
- HOWARD, MAURICE, Clerk to Ernest Crowther, 10, Regent Street, Barnsley.
- HUNTER, ASHLEY DUKES, Clerk to Sir Thomas Keens (Keens, Shay, Keens & Co.), 11, George Street West, Luton.
- JACKSON, GORDON WILLIAM, Clerk to James Thoseby (Thoseby, Son & Co.), District Bank Chambers, Market Street, Bradford.
- JAIN, DES RAJ, B.A., Clerk to Eric Portlock (Singleton, Fabian & Co.), 8, Staple Inn, London, W.C.1.
- JAMES, JOSHUA, Clerk to R. Wilson Bartlett (Walter Hunter, Bartlett, Thomas & Co.), 24, Bridge Street, Newport, Mon.
- JAMES, NORMAN LESLIE ROLAND, Clerk to Arthur G. Mortimer, Prudential Buildings, 189, Hoe Street, Walthamstow, London, E.17.
- JOHNSON, FREDERICK, Clerk to J. C. Carr Braint, Co-operative Chambers, Carts Lane, High Street, Leicester.

## INTERMEDIATE.—(Continued).

- JOHNSON, ROBERT FRANK, Clerk to D. F. Middlemiss (Woodington, Bubb & Co.), 64, West Smithfield, London, E.C.1.
- JONES, WILLIAM SIDNEY, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, Finsbury Circus, London, E.C.2.
- KANE, ROLAND HOPE, Clerk to Squire Garner (Willett, Son & Garner), 1, Cooper Street, Manchester.
- KEEN, JOHN HOWARD, Clerk to Edward Sparks & Son, 24, Grainger Street West, Newcastle-upon-Tyne, 1.
- KHAMBATTA, BURJOR BYRAMJI, B.A., formerly Clerk to S. B. Billimoria & Co., 113, Esplanade Road, Fort, Bombay.
- KHAN, MOHAMED HABIBULLAH, B.A., formerly Clerk to Arthur E. Piggott, Son & Southworth, 37, York Street, Manchester.
- KIRBY, JOHN, Clerk to C. P. McCarthy (A. J. Magennis & Co.), 50, South Mall, Cork.
- KNAPPER, EDWARD FREDERICK NIXON, Clerk to A. C. Ling, Old Library House, Dean Park Road, Bournemouth.
- LAMB, IVOR RICHARD, City Treasurer and Controller's Office, City Hall, Cardiff.
- LAWLEY, EDGAR FRANCIS WILLIAM, Clerk to C. W. George, 7, Priory Street, Dudley.
- LEE, GEORGE HENRY, Clerk to Harold T. Hooley, National Chambers, Goldsmith Street, Nottingham.
- LEGG, HERBERT, Clerk to G. L. Hirst, 8, Bond Street, Dewsbury.
- LIPMAN, ARTHUR, Clerk to Joseph W. Shepherd, 78, King Street, Manchester.
- LUMSDEN, WILLIAM GRIEVE, Town Chamberlain's Office, Kirkealdy.
- LUNNON, ANTHONY FRANCIS, Clerk to A. Clarke Vincent (Vincent & Goodrich), 13, Queen Street, London, E.C.4.
- MACINNES, HENRY ARCHIBALD IAN, Clerk to G. Stanhope Pitt (Bolton, Pitt & Breden), 27, Clements Lane, London, E.C.4.
- MCINTEE, EDWARD BRUCE, Clerk to E. George Bourne (E. G. Bourne & Co.), 6, Holborn Viaduct, London, E.C.1.
- MCKERCHAR, JAMES RONALD, Clerk to A. P. Pellatt (Geo. H. Chapman & Co.), 74, Dymchurch Road, Hythe, Kent.
- MAKEPEACE, HARTLEY CLEMISON, Clerk to J. A. & F. T. Iveson, Bank Chambers, Priestpopple, Hexham.
- MALLARD, THOMAS LESLIE, Clerk to G. R. Griffin (Griffin & Co.), 7-8, Union Street, Birmingham.
- MARDLE, CYRIL, Borough Treasurer's Department, Town Hall, Hendon, London, N.W.4.
- MARSHALL, HERBERT, Clerk to Buckley, Hall, Devin & Co., 5, Park Square, Leeds.
- MARSHALL, WILLIAM DAVID, Clerk to Viney, Price & Goodyear, Empire House, St. Martin's-le-Grand, London, E.C.1.
- MASON, WILLIAM ERIC, Clerk to Harold R. Horne (Nutt, Horne & Co.), St. James' Chambers, St. James' Street, Derby.
- MASSON, WILLIAM HUNTER, City Chamberlain's Office, 285, George Street, Glasgow, C.1.
- MERRIMAN, ROBERT DAVID, Clerk to V. John H. Harris (Benbow & Airs), 2A, Sheep Street, Northampton.
- MICHELL, BERNARD PHILIP WILSON, Clerk to D. A. Newby (Hewat, Bridson & Hargreaves), 6, Rue de l'Ancienne Bourse, Alexandria, Egypt.
- MOON, KENNETH DOUGLAS, Clerk to R. D. Lambert, Borough Treasurer, Municipal Buildings, West Hartlepool.
- MOORE, THOMAS WILLIAM EDWARD, Clerk to Thornton & Thornton, Prudential Chambers, Banbury.
- MORRISS, HERBERT ALFRED, Clerk to Stanley W. Simpson (Page, Simpson & Co.), Essex House, High Street, Stratford, London, E.15.
- MORSMAN, GERALD ARTHUR, Clerk to W. Paynter (Spence, Paynter & Morris), 6, Wardrobe Place, London, E.C.4.
- MUKHOPADHYAY, CHANDI PRASAD, B.A., formerly Clerk to H. C. Das & Co., 2/1, Mission Row, Calcutta.
- MUNDELL, ERIC GOODWIN, Clerk to Laurens H. Staite (L. H. Staite & Co.), Revenue Buildings, Chapel Road, Worthing, Sussex.
- MURKIN, GEOFFREY, Clerk to Frederick Simpkin (Simpkin & Arnold), The Hollins, 16, New Street, Leicester.
- NADIN, NEVILLE RADFORD, Clerk to Harold R. Horne (Nutt, Horne & Co.), St. James' Chambers, St. James' Street, Derby.
- NEWMAN, FREDERICK HENRY, Clerk to Sydney S. Sara (J. W. B. Brown, Sara & Hill), Prudential Buildings, Corporation Street, Birmingham, 2.
- NICHOLLS, JOHN, Clerk to Aston, Wilde & Co., 45, Newhall Street, Birmingham, 3.
- NICHOLLS, LEONARD CHARLES, Clerk to Thomas G. Weavers, 5, Budge Row, Queen Victoria Street, London, E.C.4.
- NOBLE, JOHN, Burgh Treasurer, Burgh Chambers, Fraserburgh.
- NORFOLK, MARGARET URSULA, Clerk to N. E. Pawsey (Pike, Norfolk & Co.), 15, Colne Road, Clacton-on-Sea.
- O'SULLIVAN, MAURICE AENGUS, Clerk to Stapleton & Co., Trinity Chambers, 60, South Mall, Cork.
- OWEN, JOHN CLOUGH, Clerk to Fredk. Murgatroyd & Son, Duchy Chambers, 4, Clarence Street, Manchester, 2.
- PAIN, FRANCIS STANLEY, Clerk to Prior & Palmer, General Buildings, Bridlesmith Gate, Nottingham.
- PARKER, ALBERT SYDNEY, Clerk to E. W. Walker & Son, 4, Chapel Walks, Cross Street, Manchester, 2.
- PARKES, JOHN JOSEPH, Principal Accountant's Department, Mersey Docks and Harbour Board, Dock Office, Liverpool, 3.
- PARKINSON, FREDERICK, Clerk to J. F. Dobson & Co., 75, Duke Street, Barrow-in-Furness.
- PATES, JOSEPH KENNETH, Borough Treasurer's Office, Town Hall, Ilford.
- PAVRI, NOSHIR JAMSHEDJI, B.Com., formerly Clerk to Damania, Panday & Bajan, Navsari Building, Hornby Road, Fort, Bombay.
- PEASE, CYRIL, Clerk to Leslie A. Tomlinson, Eldon Chambers, Wheeler Gate, Nottingham.
- PEASE, CYRIL, Clerk to Goldie, Campbell & Robins, Bank Chambers, Lowgate, Hull.
- PETTY, NORMAN SLATER, Clerk to R. Slater Windle (Windle & Bowker), Midland Bank Chambers, Barnoldswick, via Colne.
- PHILLIPS, ARTHUR PATRICK FRERE, Clerk to H. O. Bennett, 5, Opie Street, Norwich.
- PHILLIPS, BERNARD, Clerk to J. Lewin, 106, Bolsover Street, Portland Place, London, W.1.
- PHILLIPS, ERIC, Clerk to F. F. Sharles, Salisbury House, London Wall, London, E.C.2.
- PHILP, JOHN ROBERTSON, Clerk to Louis Nicholas & Co., 19, Castle Street, Liverpool, 2.
- PILLAY, PURANKARIMPIL CHACKO, B.A., formerly Clerk to Batliboi & Purohit, National Insurance Building, 27, Bastion Road, Fort, Bombay.

## INTERMEDIATE.—(Continued).

- PIPER, GEOFFREY EDWIN**, Clerk to F. W. Nicholls (Asbury, Riddell & Co.), 7, The Square, Shrewsbury.
- POLLARD, PHILIP GEORGE**, Clerk to George Hails, Borough Treasurer, Town Hall, Hendon, London, N.W.4.
- PRYCE, FREDERICK DAVID**, Clerk to George O. Harrison (Geo. O. Harrison & Co.), 8, St. Mary's Street, Shrewsbury.
- PULLAN, JACK KENNETH**, Clerk to John H. Smith, Central Chambers, North Street, Keighley.
- RASINI, CHARLES LUIGI DOMENICO**, Clerk to W. F. A. Cooper, 68, Aldersgate Street, London, E.C.1.
- RATCLIFFE, NORMAN**, Clerk to J. McR. Petrie (J. H. Lord & Co.), Martins Bank Buildings, Bacup.
- REARDON, JOHN THOMAS**, Clerk to Binder, Hamlyn & Co., River Plate House, 12 and 13, South Place, London, E.C.2.
- RICHARDS, JOHN SAMUEL**, Clerk to M. Widdowson (Widdowson, Simpson, Wreford & Co.), 329, High Holborn, London, W.C.1.
- RICHARDSON, REGINALD**, Clerk to Herbert Stephenson, 24, Balcony, Corn Exchange, Leeds.
- RIPLEY, STANLEY GEORGE**, Clerk to Reddall, Osborne & Co., 1, Guildhall Chambers, Basinghall Street, London, E.C.2.
- ROBERTS, LLEWELLYN READ**, County Accountant's Department, Derby County Council, County Offices, St. Mary's Gate, Derby.
- ROBINS, HERBERT JOHN**, Finance Department, Surrey County Council, County Hall, Kingston-on-Thames.
- ROBSON, ROBERT MARSHALL**, Clerk to Sydney Lawrence (Herbert Pepper & Rudland), National Provincial Chambers, Park Street, Walsall.
- ROSE, CHARLES LESLIE**, Clerk to D. W. H. Phipp & Co., York Chambers, Long Eaton.
- ROSIER, HAROLD ARTHUR**, Borough Treasurer's Office, Town Hall, Ilford.
- ROWELL, JOHN RUTHERFORD**, Clerk to R. H. Edwards (Joseph Carr, McCracken & Co.), 26, Mosley Street, Newcastle-upon-Tyne.
- RUMNEY, GEORGE PIERSON**, Clerk to C. A. Milford (Milford & Co.), 3, Richmond Terrace, Blackburn.
- SANDERSON, JOHN LEONARD**, Clerk to J. Vincent Baines (H. Tindall Sherwood & Co.), 115, High Street, Stockton-on-Tees.
- SAXON, ARTHUR KENNETH**, Clerk to F. Strickland (Grundy, Middleton & Co.), 1, Brazenose Street, Manchester, 2.
- SCOLLAY, ALAN DAVID**, Clerk to Gray, Stainforth, Newton & Co., 31, Lombard Street, London, E.C.3.
- SCOTT, JOHN GALLOWAY**, Clerk to H. J. Davidson (H. J. Davidson & Co.), 33, King Street, Manchester.
- SEAMAN, LEONARD EDWARD**, Clerk to James Meston & Co., 1, Leadenhall Street, London, E.C.3.
- SEN GUPTA, PHANIBHUSHAN, B.A.**, formerly Clerk to Cooke, Holt & Co., Empire House, St. Martin's-le-Grand, London, E.C.1.
- SEPHTON, CLAUDE**, Clerk to Arnold Robinson, "Belmont," Gores Lane, Formby, Nr. Liverpool.
- SHACKLETON, ARTHUR**, formerly Clerk to J. W. Reynolds & Son, 49, Bank Street, Bradford.
- SHARP, THOMAS WILLIAM SCOTT, B.A., B.C.L.**, Clerk to A. F. Saunders (Saunders & McCubbing), 4, Crosby Square, London, E.C.3.
- SIMPSON, GEORGE EDWARD**, Clerk to Theo S. Sheard, Vickers & Winder, 34, Castle Street, Liverpool, 2.
- SIMPSON, HERBERT WILLIAM**, Clerk to Smith & Hayward, London and Yorkshire Bank Chambers, 2, Tyrrel Street, Bradford.
- SMITH, MURRAY WHITEHEAD**, Clerk to Murray E. J. Pearce (Wheatley, Pearce & Co.), 102, High Street, Poole, Dorset.
- SMITH, PHILIP WALTHO**, Clerk to Burton & Son, 1, Berridge Street, Leicester.
- SNOWBALL, SYDNEY**, Clerk to John Gordon & Co., 7, Bond Place, Leeds.
- SPITTLE, KENNETH GEORGE**, Clerk to J. Durie Kerr Watson & Co., 5, Waterloo Street, Birmingham, 2.
- STANHOPE, GILBERT WILLIAM**, Clerk to J. W. Hurst (Stephenson, Smart & Co.), Midland Bank Chambers, Guildhall Street, Lincoln.
- STANIFORTH, GEORGE**, Clerk to R. G. Nicholson, Borough Treasurer, Municipal Offices, Rotherham.
- STEPHENS, SIDNEY CHARLES**, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, Finsbury Circus, London, E.C.2.
- STEPHENSON, WILLIAM ALAN**, Clerk to T. W. Scolliek (Forster, Scolliek & Co.), Pearl Buildings, Northumberland Street, Newcastle-upon-Tyne.
- STERN, FREDERICK DAVID**, Clerk to H. E. Davis, 115, Moorgate, London, E.C.2.
- STOKES, STEPHEN EDWARD**, Clerk to C. Stanley Scarlett (Scarlett & Goldsack), 5, Cecil Square, Margate.
- STRADLING, WILLIAM HARDY**, Clerk to E. Ewart Pearce (Sweeting, Pearce & Co.), Charles Street Chambers, 4, Charles Street, Cardiff.
- SUR, PURNANKA MOHON, B.Sc.**, formerly Clerk to Maneck A. Davar & Co., 100, Clive Street, Calcutta.
- TAIT, HAROLD JAMES WILLIAM**, Clerk to W. Adams, Borough Treasurer, Town Hall, Wolverhampton.
- TAYLOR, ALFRED HUGH**, Borough Accountant's Department, Municipal Buildings, Boston, Lincs.
- TAYLOR, ERIC FRANK**, Clerk to Arthur H. Hall (Stanley Blythen & Co.), 12, Low Pavement, Nottingham.
- THOMAS, IVOR**, Clerk to Ernest G. White, Bank Chambers, Lammas Street, Carmarthen.
- THOMPSON, FRANK JAMES**, Clerk to R. Duncan French (R. Duncan French & Co.), North House, 17, North John Street, Liverpool, 2.
- THOMPSON, GEORGE**, Clerk to P. W. Lawrie (P. W. Lawrie & Alton), Morley House, London Road, Leicester.
- TINKER, WALTER WILLIAM JOSEPH**, Clerk to Gibson, Harris, Prince & Co., Palmerston House, Old Broad Street, London, E.C.2.
- TOBIN, MARTIN ALEXANDER**, Municipal Treasurer's Office, Singapore.
- TOOKE, HAROLD**, Clerk to Alfred Southern (Alfred Southern & Co.), 42-43, Northern Assurance Buildings, Albert Square, Manchester, 2.
- TOOLEY, RAYMOND JOHN**, Clerk to Richard A. Witty (Button, Stevens & Witty), 7, Union Court, Old Broad Street, London, E.C.2.
- VAJIFDAR, SHAVAK FRAMROZ, B.A.**, formerly Clerk to Damania, Panday & Bajan, Navsari Building, Hornby Road, Fort, Bombay.
- VEITCH, LESLIE**, Clerk to G. W. Street (Tomlinson, Street & Co.), Grosvenor Chambers, 33, Blackfriars Street, Manchester.
- VERNON, MAURICE**, 30, Mexborough Street, Chapeltown, Leeds. (Articled Clerk.)
- WALTON, WILLIAM**, Clerk to Fred W. Cope (T. Greenhalgh & Co.), Clifton Chambers, 23A, Clifton Street, Blackpool.
- WARD, MARGARET**, Clerk to C. J. Shepherd, 48-50, Mosley Street, Manchester, 2.
- WARNER, GEORGE WILFRED**, Clerk to L. J. Cozens (Cooper, Cozens & Co.), 8, East Stockwell Street, Colchester.

## INTERMEDIATE.—(Continued).

**WATSON, WILLIAM THOMAS**, Clerk to Victor W. Sayer & Co., 407, Ewell Road, Tolworth, Surrey.

**WEAGER, WILLIAM CHARLES**, Clerk to Parsons & Jolliffe, Lloyds Bank Chambers, Blackwood, Mon.

**WELLS, WALTER THADDEUS**, Clerk to W. Douglas Menzies (H. Menzies & Co.), Fife House, Fife Road, Kingston-on-Thames.

**WHEELER, FRANK RAYMENT**, Clerk to S. H. Roberts, 7, Buckland Terrace, Plymouth.

**WHITMILL, JAMES NOEL**, Clerk to Davie, Parsons & Co., 6, Bishopsgate, London, E.C.2.

**WILLIAMS, ROBERT CATHERWOOD**, Clerk to R. H. Munro (R. H. Munro & Co.), 2, Thames House, Queen Street Place, London, E.C.4.

**WILLIAMS, WALTER JOHN**, Clerk to Trevor Davies (Trevor Davies, Gantner & Co.), 5, Great Winchester Street, London Wall, London, E.C.2.

**WOODHEAD, FRANK**, Clerk to Jones, Crewdson & Youatt, 7, Norfolk Street, Manchester, 2.

**WRIGHT, HARRY REDFORD**, Clerk to Campbell, Toulmin & Co., Dalton Chambers, 41, John Dalton Street, Manchester, 2.

**YENDELL, ALFRED TOM, H.M. Inspector of Taxes**, Lillie House, London Road, Leicester.

**YOUNG, ROBERT MORTON**, Clerk to G. Blakelock (Laverick, Walton & Co.), Midland Bank Chambers, St. Thomas Street, Sunderland.

## SUMMARY :—

8 Candidates awarded Honours.

221 Candidates passed.

249 Candidates failed.

478 Total.

## Passed in Preliminary.

## Order of Merit.

**HOLLINGS, PERCIVAL ALBERT**, 63, Vinery Road, Cambridge. (*First Place Certificate and Prize.*)

**STOVOLD, NORMAN**, 4, Gloucester Road, London, E.10. (*Second Place Certificate.*)

**DONNELLY, EDWARD VINCENT**, 8, Beaconsfield Street, Chester. (*Third Place Certificate.*)

**RICHARDSON, JOHN EGDR**, 40, Hatfield Street, Ormeau Road, Belfast (*Fourth Place Certificate.*)

## Alphabetical Order.

**ALLEN, CHARLES EDWARD**, 8, Old Grange Row, Carrville, Nr. Durham.

**AXELROD, JEROME DAVID**, 339, Smithdown Road, Liverpool.

**BAILEY, JOHN**, 263, Manchester Road, Burnley.

**BAKER, LESLIE THOMAS BRIDGES**, 84, Butt Road, Colchester, Essex.

**BALL, HAROLD**, 32, Parsonage Road, Heaton Moor, Stockport.

**BARKER, LESLIE GORDON**, 11, Etherley Road, Tottenham, London, N.17.

**BARRETT, JAMES ALEXANDER**, 12A, Herbert Place, Plymouth, Devon.

**BINKS, ERIC**, Rosegarth, Coach Road, Outwood, Nr. Wakefield.

**BOWKER, JOHN HERBERT**, 27, Mansfield Street, Ashton-under-Lyne.

**BURTON, ALBERT WILLIAM**, 69, Hood Street, Northampton.

**BUTLER, ALFRED JOHN**, 147, Pedro Street, Clapton, London, E.5.

**COPE, CHARLES LESLIE**, 6, Wolseley Buildings, Bermondsey, S.E.1.

**COTMORE, EDWARD CHARLES**, 43, Copeland Road, Peckham, London, S.E.15.

**COTTON, HARRY**, 9, Woodville Drive, Ashton Lane, Sale, Ches.

**DARBY, EDWARD WILLIAM**, 58, Rathfern Road, Catford Hill, London, S.E.6.

**DASTOOR, NARIMAN JAMSHELDJI**, 97, Queen Victoria Street, London, E.C.4.

**DAY, MARK HOWARD**, 70, Park Side, Wimbledon, London, S.W.19.

**EASOM, TOM**, Sunny Bank, Crawshawbooth, Rossendale, Lancs.

**EGGERT, JOHN LUDWIG EMIL KOTAH**, 57A, Torridge Road, Thornton Heath, Surrey.

**EMERTON, RONALD JOHN**, 43, St. John's Road, Abingdon, Berks.

**EMMETT, ROBERT STANLEY**, 33, Greenway, Raynes Park, S.W.20.

**FOULKES, OWEN CARADOC**, 20, Dingle Mount, Dingle, Liverpool.

**GARDNER, STANLEY ARTHUR**, 106, Drury Road, Harrow, Middlesex.

**GILES, KENNETH WILLIAM**, 31, Ashleigh Avenue, Bridgewater.

**GLOVER, CYRIL THOMAS**, 18, Brunswick Road, Handsworth, Birmingham.

**GREENWOOD, GILBERT**, Ashville, 73, Burnley Road, Halifax.

**HARRIS, JAMES HENRY**, 63, Eglesfield Road, South Shields.

**HESLEGRAVE, HERBERT VINCENT**, 4, Railway Houses, Arthington, Nr. Leeds.

**HEWIS, FRANK WILLIAM**, 30, Howard Street, Salford, Lancs.

**HOGAN, WILLIAM LESLIE**, 15, Rundle Road, Preston.

**HOPKIN, BRANSBY VERNON**, 49, New Station Road, Whitechurch, Glam.

**JONES, BASIL HIBBERT**, 19, Brisbane Road, Smethwick.

**KENT, JOHN MAURICE**, Penrhyn, Windermere Crescent, Harton, South Shields.

**LANGTON, FREDERICK**, 342, Easterley Road, Roundhay, Leeds.

**LAWES, ARTHUR FRANK**, 35, Ash Grove, Hyde Park, Leeds.

**LILLEY, DENNIS ARTHUR**, 23, Fentonville Street, Sheffield.

**LLOYD-BOWEN, JOHN ELWYN**, 15, Pen-y-Wain Place, Roath Park, Cardiff.

**LUBBOCK, VICTOR CHARLES**, 43, High Street, Sydenham, London, S.E.26.

**MCILHEREENE, ALEXANDER**, c/o Mrs. MacCormack, Harbour View, Portrush Road, Coleraine.

**MCMULLAN, WALTER JOSEPH**, 11, Windmill Road, Bangor, Co. Down.

**MALLONI, ENRICO ALFREDO**, 391, Queen's Road, New Cross, London, S.E.14.

**MARSHMAN, ARTHUR WILLIAM**, 27, Broughton Street, Salford, 3.

**MARTIN, HUGH**, 7, Somerset Avenue, Bangor, Co. Down.

**PRELIMINARY.—(Continued).**

MARTIN, JOHN ARTHUR, 27, Honeywell Road, London, S.W.11.

MAYBERY, WATKIN MATTHEW, 9, High Street, Clydach, Swansea.

MAYLOTT, DEREK HOWARD, 47, Vincent Street, Highgate, Walsall.

MITCHELL, ROBERT CRUTCHLEY, 31, Lucerne Parade, Belfast.

MUNDAY, KENNETH LAWSON, 24, Macdonald Road, Friern Barnet, London, N.11.

MUNNS, REGINALD, 54, Limes Road, Croydon, Surrey.

NEWBY, HERBERT, 161, Broomfield Terrace, Redlam, Blackburn.

O'MALLEY, WILFRED JOSEPH, 56, Oxford Street, Barrow-in-Furness.

PAGETT, RALPH TREVOR, 10, Cliff Gardens, Pye Nest, Halifax.

PARKER, THOMAS HARRY, 4, Twisden Road, Highgate Road, London, N.W.5.

PARR, JOHN HILTON, 10, Elgin Grove, Longsight, Manchester.

PEARSON, CYRIL BOWES, 47, Welldeck Road, West Hartlepool, Co. Durham.

PRATT, LESLIE HERBERT, 1, Beale Street, Plaistow, London, E.13.

PYECROFT, NORMAN BENNETT, 29, Boardman Road, Crumpsall, Manchester.

ROBINSON, EDWARD DALTON, Elibank, 16, West Common Crescent, Scunthorpe.

ROCK, NORMAN ERNEST, Beechcroft, Field Road, Bloxwich, Walsall.

RORISTON, ROBERT SCOTT, Royal Caledonian Schools, Bushey, Herts.

SANSOM, JACK HAROLD, 27, Albion Grove, Colchester.

SEAR, ALBERT, 137, Cambridge Street, Aylesbury, Bucks.

SMITH, JOHN, Sunnyside, Buxton Road, Stockport.

SMITH, LEONARD GEORGE, 62, Skerrard Road, Forest Gate, London, E.7.

SPINKS, HENRY ALFRED, 11, Pinner Road, Sheffield.

STEPHENSON, WALTER ERNEST, 188, Alliance Avenue, Anlaby Road, Hull.

TOOTHILL, ALAN PERCIVAL, 70, Grove Road, Millhouses, Sheffield.

TURNBULL, REGINALD EDWARD, 19, Crofton Road, Stoneycroft, Liverpool.

WARREN, GEORGE EDWARD, 20, Sackville Road, Southend-on-Sea.

WATSON, ARTHUR HENRY, Southfield, Moor Green Lane, Moseley, Birmingham.

WATTS, DAVID CHARLES, 31, Cranswick Road, North Camberwell, London, S.E.16.

WILD, ALFRED EDWARD, 27, Manchester Road, Pendlebury.

WILLICOMBE, PHILIP JOHN, Roxana, Ty-Mawr Road, Rumney, Cardiff.

WILSON, SIDNEY, 114, Hare Hill Road, Littleborough, Lancs.

**SUMMARY :**

*4 Candidates awarded Honours.*

*74 Candidates passed.*

*63 Candidates failed.*

**141 Total.**

**Reviews.**

**The Practice of Dominion Income Tax Relief.** By R. P. Renfrew, Solicitor. London : The Solicitors' Law Stationery Society, Ltd., 22, Chancery Lane, W.C.2. (56 pp. Price 5s. net.)

The difficult subject of Dominion Income Tax Relief is here explained in simple language, and numerous examples are given showing the working out of claims under various circumstances. These examples are well stated, and add greatly to the value of the book. The scope of the book is limited to a consideration of the relief due by the United Kingdom authorities to the taxpayer.

**Incorporated Students' Telephone.** By the Directors and Tutors of H. Foulks Lynch & Co. London : H.F.L. (Publishers), Ltd., 19, Fenchurch Street, E.C.3. (82 pp. Price 2s. 6d. net.)

This publication takes the usual form, and contains the answers to the questions set in the Intermediate and Final examinations of the Society of Incorporated Accountants and Auditors in May last. Those who presented themselves at these examinations will be interested to peruse the model answers, and candidates for future examinations will obtain a good deal of enlightenment by a careful study of the method adopted by experts in dealing with the different types of questions.

**Municipal Internal Audits.** 5th Edition. By Arthur Collins, F.S.A.A. London : Gee & Co. (Publishers), Ltd., 8, Kirby Street, E.C.1. (258 pp. Price 8s. 6d. net.)

In this edition Mr. Collins has brought under review the latest developments in local government work, including the addition of the old poor law service to the duties of County Councils and County Boroughs, and the institution of mechanical devices for providing receipt checks. Further examples are also given of actual cases of defalcations against which safeguards are suggested. The book deals only with the income side of the affairs of local authorities, the necessity for the internal audit of which is becoming more widely recognised. The subject is one on which Mr. Collins is eminently qualified to write.

**Commercial Law Cases.** By Albert Crew, Barrister-at-Law. London : Sir Isaac Pitman & Sons, Ltd., Parker Street, Kingsway, W.C.2. (250 pp. Price 6s. net.)

Intended primarily as a supplement to legal text books used by law and commercial students, this publication contains a collection of about 600 leading cases representative of the various branches of commercial law, including contracts, agency, sale of goods and negotiable instruments. A table of cases is supplied, and also a table of statutes. The book meets in a practical way the requirements of examiners who are in the habit of testing the knowledge of candidates by stating facts in the form of a problem based on a decided case.

**Practical Hints on Draft Leases.** By E. O. Walford, LL.D., Solicitor of the Supreme Court. London : Solicitors' Law Stationery Society, Ltd., 22, Chancery Lane, W.C.2. (78 pp. Price 6s. net.)

Although this little book is intended mainly to assist legal practitioners and their clerks in the revision of draft leases and tenancy agreements, it has an interest also for accountants who have frequently to consider the contents of leases in connection with their duties as liquidators and trustees in bankruptcy matters.

**Partnership Law in a Nutshell.** By J. A. Balfour, Barrister-at-Law. London : Sweet & Maxwell, Ltd., 2 and 3, Chancery Lane, W.C.2. (72 pp. Price 3s. 6d. net.)

This is purely a book for revision purposes, everything being highly condensed. It gives a good general idea of partnership law, including a brief explanation of the incidents that arise when a firm dissolves, or becomes bankrupt.

**How shall I Insure?** By F. G. Culmer, Editor of the "Insurance and Finance Chronicle." London : Sir Isaac Pitman & Sons, Ltd., Parker Street, Kingsway, W.C.2. (84 pp. Price 2s. 6d. net.)

Anyone desiring to know the special type of policy best suited for his special needs will find guidance and direction in this little book, in which the intricacies of life assurance are elucidated. The author describes the many different types of policies now offered by the various insurance companies, and explains in simple language their respective merits and demerits.

**The Structure of Business Management.** By Robert Ashworth, F.C.A., F.S.A.A. London : Gee & Co. (Publishers), Ltd., 6, Kirby Street, E.C.1. (48 pp. Price 3s. net.)

This is a reproduction of a lecture given recently by Mr. Ashworth to the Office Management Association. It contains many constructive proposals and suggestions. The author has had wide experience of business affairs, and the object at which he aims is to minimise the present wastage of national resources by encouraging the various industries to place their management on a sound basis and eliminate laxity in control. His criticisms and recommendations are directed to various aspects of company affairs, including the constitution of the management and the board of directors, the functions of the executive, and the control of management from a national point of view.

**Partnership Accounts.** By R. C. De Zouche, F.C.A., and B. J. Davis, F.C.A. London : Gee & Co. (Publishers), Ltd., 6, Kirby Street, E.C.1. (180 pp. Price 7s. 6d. net.)

The accounts of a partnership frequently raise intricate problems, many of which are discussed in this book, which deals *inter alia* with the treatment of goodwill and the accounts required on the dissolution of a firm under various conditions. Numerous examples are given, showing how the results are arrived at. The book is well produced, and the matter conveniently arranged.

**Secretarial Practice of Public Service Companies.** By E. G. Janes, A.C.I.S. London : Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway, W.C.2. (278 pp. Price 10s. 6d. net.)

Although the administration of the affairs of public service companies and ordinary limited companies is, to a large extent, similar, there are certain aspects which are peculiar to the former, and the author of this book has devoted special attention to the work of the secretary and registrar of a statutory company. The statistical work, which constitutes a large element in such concerns, is fully discussed, examples being given to show the method of compilation. The appendix contains extracts from the statutes which relate specially to Parliamentary companies, and also the regulations of the Stock Exchange in relation to applications of statutory companies for official quotations.

**Elementary Statistical Methods.** By E. C. Rhodes, B.A., D.Sc. London : George Routledge & Sons, Ltd. (243 pp. Price 7s. 6d. net.)

Dr. Rhodes' book, the first of a series of Studies in Statistics to be issued under the aegis of the London School of Economics, can be recommended as a clear and adequate introduction to the subject, particularly as regards the classification and interpretation of data. To the practising accountant the methods outlined here will perhaps be of value chiefly in relation to the analysis of sales charts (*i.e.*, as regards the relative influences of the general trend, seasonal or cyclical variations and irregular fluctuations respectively), while the section dealing with the use of logarithmic paper will be helpful. The notes on the construction of index numbers also illustrate the possibility of constructing a price index for a retail business which, applied to the sales total, will indicate to what

extent variations are due to a genuine increase or decrease in the volume of sales, as distinct from fluctuations in price levels. The book gains from the fact that most of the illustrations are drawn from the fields of commerce and industry. The text of the book is supplemented by numerous diagrams.

## Society of Incorporated Accountants and Auditors.

### MEMBERSHIP.

The following promotion in, and additions to, the membership of the Society have been completed since our last issue :-

#### ASSOCIATE TO FELLOW.

DAVIES, JOHN, Egerton House, Egerton Street, Wrexham, Practising Accountant.

#### ASSOCIATES.

HARRISON, JACK, A.C.A. (Goodchild & Harrison), 19, London Wall, London, E.C.2, Practising Accountant.

MERTTENS, VICTOR HERBERT, Assistant Treasurer, H.M. Treasury, Nairobi, East Africa.

MORGAN, EDWARD JAMES, Clerk to Morgan Bros. & Co., Capel House, New Broad Street, London, E.C.2.

RICHARDSON, JOHN NICHOL, Clerk to A. J. Ingram & Co., Central Buildings, West Sunniside, Sunderland.

SWEETING, ERNEST WALLACE, Clerk to Kimpton, Holland & Co., Tredegar Chambers, Bridge Street, Newport (Mon.).

TAYLOR, KENNETH GEORGE, Clerk to Holman, Foxcroft & Jackson, 11, Queen Victoria Street, London, E.C.4.

### THE INCORPORATED ACCOUNTANTS' GOLFING SOCIETY.

The Incorporated Accountants' Golfing Society played a match against the Solicitors' Golfing Society at Walton Heath on May 31st. The scores were as follows :-

#### SINGLES.

INCORPORATED ACCOUNTANTS.	SOLICITORS.
Hardastle, B. de V. . . —	Rowlands C. S. 3/2.. 1
Keens, A. T. . . —	Woolf, R. 5/3.. 1
Keens, P. F. . . —	Gladstone, R. P. 2/1.. 1
Clarke-Lens, B. L. . . —	Kenward, B. T. 5/3.. 1
Inge, E. R. . . —	Sandford, P. A. 2/1.. 1
Townsend, H. . . 5/3.. 1	Hamp, R. P. . . —
Waters, A. . . 5/4.. 1	Osborne, Jenkins . . —
Pitt, G. S. . . 3/2.. 1	Trehearne, E. S. . . —
	—
	3
	—
	5

#### FOUR BALLS.

Hardastle, B. de V. }	Rowlands, C. S. }	5/3.. 1
Keens, A. T. }	Woolf, R. }	.. —
Keens, P. F. }	Gladstone, R. P. }	.. —
Clarke-Lens, B. L. }	Kenward, B. T. }	.. —
Inge, E. R. }	Sandford, P. A. }	.. —
Townsend, H. }	Hamp, R. P. }	.. —
Waters, A. }	Osborne, Jenkins }	.. —
Pitt, G. S. }	Trehearne, E. S. }	.. —
	—	—
	3	1
	—	5
	—	—
	6	6
	—	—

## Partnership Accounts.

A LECTURE delivered before the Incorporated Accountants' Students' Society of London and District by

**MR. W. W. BIGG, F.C.A.  
INCORPORATED ACCOUNTANT.**

The chair was occupied by Mr. S. T. MORRIS, F.S.A.A.

Mr. BIGG said : The subject of Partnership Accounts, as you realise, is an exceedingly extensive one, and therefore one that I cannot possibly hope to cover from every aspect in the space of an hour. I propose, therefore, merely to deal with those matters which I have found in the past give considerable difficulty to students, and sometimes to practitioners.

### THE INTEREST OF A PARTNER IN A FIRM.

A great deal of the trouble experienced with Partnership Accounts is brought about by the inability of many to regard partnership balance sheets from the right point of view, and obviously, if you cannot do that, difficulties must arise.

I want you to imagine that we have a very simple partnership Balance Sheet in summarised form. I have two partners, A and B. The capital of A is £600 and the capital of B is £400. On the other side I have, to compensate that, assets of £1,000. Now, these two people share profits equally, and we want to determine exactly the interest in the firm possessed by A and B individually. Many people might say that the interest of A is 6/10ths, others, preferring a smaller fraction, might say A's interest is 3/5ths, while others might say that A's interest is equal to that of B. Now, it is apparent that they cannot all be right. Let us imagine an exaggerated case. Imagine that the firm is a firm of accountants of which you happen to be partner A. Is it conceivable that one morning, when a client comes to see you on business, you would say to him, "Do you know that the very comfortable chair in which you are sitting belongs as to 6/10ths to me and as to 4/10ths to my partner ?" Of course, you would not dream of saying or even of thinking such a thing.

We have to realise that partners do not share assets in any proportion whatever. We cannot say of the chair on which you are sitting that the back and two legs belong to you, while the remainder belongs to somebody else. Can you imagine A and B fighting for possession of the various sections of the furniture ? They would have to break up the whole of the furniture to make sure that they got 6/10ths and 4/10ths, and that, obviously would be nonsense.

In the absence of agreement there are only two things which are shared by partners in any proportion, namely, profits and losses. There is no question of dividing assets. In law the firm is not a distinct entity apart from its partners, but from the accounting point of view we must regard the firm and the partners thereof as being absolutely distinct. The Balance Sheet you see before you is not the balance sheet of A or of B ; it is the Balance Sheet of a firm which is called "A, B & Co." It so happens that A has advanced £600 to the firm and B has advanced £400, and consequently the firm is indebted to them for these amounts.

You will also realise that when the firm has repaid the money advanced by A and B there may be something left over—in other words, the assets may realise more than their book value. This would mean that we have more than £1,000 with which to repay A and B. Having settled our liability to them as creditors of the

firm, what we have left over belongs to A and B as proprietors of the firm, and is a profit divisible in the profit-sharing proportion, which in this case has been agreed to be equal.

Imagine that I wish to make you a present—to give you an investment in a joint stock company. I offer you a £1 share in A Limited, fully paid up, or a £100 share in B Limited fully paid up, whichever you prefer. The average person would at once seize the £100 share in B Limited, without further thought, only to find later that its market value was appreciably less than that of the £1 share in A Limited. It is realised, therefore, that the nominal value of a share means very little, it is the real value of a share in which we are interested, and the real value may be very different from the nominal value. The real value can only be determined by having regard to the value of the assets of the company. The capital accounts of partners can be regarded as the equivalent of the nominal value of shares ; their real value is dependent on the value of the assets of the firm. You will realise that we know from the ordinary principle of double entry that if there is a penny on one side of a Balance Sheet, there must be another penny somewhere on the other side. If, therefore, the assets are undervalued or over-valued, there will be either something less or something more due to the partners than is shown by their capital accounts.

Now supposing that A and B enter into partnership and that they gather together their entire resources, which amount to £10 each, and with that money they buy assets which are shown on their Balance Sheet at £20. A, however, considers that the Balance Sheet does not show a very strong position, and suggests to B that it could be improved by writing up the assets by a purely hypothetical amount. They accordingly add three 0's to the book value of the assets and a similar number of 0's to each of their capital accounts and thus make the Balance Sheet look very much better. But we know very well that A is not worth £10,000, merely because this is the book value of his capital ; it is purely a paper figure and is worth no more than the original £10.

Now take the reverse position. A and B commence in partnership with £20,000 worth of assets, but A says "I like to be really conservative and to have my assets undervalued by a very considerable amount. I propose, therefore, that we write down the assets." This is agreed to by B, and they write down the assets by deleting three 0's. Now you cannot say that A is only worth £10. If he wanted to retire, B could not say to him "Here is your £10" and imagine that by so doing he had settled with A. A would naturally require his interest in the real value of the assets.

If this is understood, we can appreciate that a partner's capital is a paper figure only, and does not represent the true value of his interest in the firm, and we can go further and say that it will never represent his true interest in the firm, except in the one case out of ten thousand when the assets stand in the books at their correct value. It will be appreciated how unlikely such a case would be when the asset "goodwill" is considered. A partnership will never write its goodwill up or down to give effect to every fluctuation in its value ; as a result such asset is always either under or over valued in the books.

In order, therefore, to calculate the real interest of A in the firm we have to take into account his profit-sharing proportion. His real interest is made up of two things ; first of all, a definite figure of £600. But the £600 is dependent on the value of the assets. In addition to the £600, he is entitled to one-half of the surplus shown by revaluation of the assets, or alternatively he must make good one-half of any deficiency ascertained in a

similar manner. If, therefore, a partner's share in profits is altered, his interest in the firm is changed.

#### THE INTRODUCTION OF A NEW PARTNER.

Let us imagine that the assets of this firm are really worth £1,300. If that is the case, A's real interest is £750, viz., £600 on paper, plus one-half of the profit, making £750 altogether, while B's interest is £550. Now into this firm I admit a new partner, C, and he is introduced on these terms: that he is to take a third of the profit and to bring in £300 as his capital. My Balance Sheet will now be like this:—

Capital Accounts :		
A .. ..	£600	Assets .. .. £1,000
B .. ..	£400	Cash (introduced by
C .. ..	£300	C) .. .. £300
	<b>£1,300</b>	<b>£1,300</b>

We have now three partners, A, B, and C, who share profits equally. We still have assets under-valued in the books; they are worth £1,300, although shown as £1,000 only, so there is a profit of £300. If you re-calculate A's interest in the firm you will find it is £600, plus, this time, one-third of any surplus, or minus one-third of any deficiency, i.e., a total of £700, whereas prior to C's admission it was £750. B's interest is £400, plus £100, i.e., a total of £500, while C's interest is £300, plus £100, i.e., £400. It means, therefore, that owing to the existence of that unrecorded profit, C has been able to come into the firm, with a capital of £300 and become entitled to £400.

Now, obviously, this position is most unfair, and to avoid it some adjustment must be made. This adjustment will be an adjustment for goodwill. As you probably know from experience, goodwill in partnership accounts is the cause of most of our difficulties, and the majority of the complications that are produced in the examination are based on this principle. In order to prevent C obtaining £100 for nothing, we must do one of two things. First, we can remove the cause of that £100, namely, the unrecorded £300 profit, by writing up the Goodwill Account by £300 and crediting this sum to the people to whom it is due, viz. A £150 and B £150. A now has a capital account of £750, and as there is no longer any surplus this represents his total interest in the firm. B has a capital of £550 and C £300. C's total interest in the firm is thus the amount standing to the credit of his capital account.

The alternative is to allow the surplus to remain unrecorded. The fact that the assets are shown in the books at less than their true value must be made clear to C, and he will be told that, as he is obtaining one-third of the surplus existing, he must buy that one-third. We therefore charge C £100 for goodwill, and this sum will be credited to the partners relinquishing to him part of their shares in the surplus, viz., £50 to A and £50 to B.

We must realise that when an incoming partner pays for goodwill, he is buying something, not from the firm—that, in this case, is an impossibility—but from the partners of the firm. If you buy, in the market, a share in a company at a price in excess of par, this fact does not concern the company itself. The company will make no entry in its financial books to record your purchase, it is concerned only with the change to be effected in its register of members. The premium you have paid for the share you have paid to the previous owner. Well, it is the same here. C has bought the goodwill from the partners A and B. The only time when a firm can sell its goodwill is when it sells the whole or part of its business; it does not do this by admitting a new partner. Now,

I should like to stop for a moment at this point, in case you have any questions to raise with regard to what I have so far said.

There being no questions, Mr. Bigg proceeded: Now I have a balance sheet of a partnership like this:—

Capital accounts :		Goodwill .. £1,000
A .. ..	£4,000	Other assets .. £9,000
B .. ..	£6,000	
	<b>£10,000</b>	<b>£10,000</b>

A and B share profits equally. They propose to bring in as a new partner C, who is to take one-third of profits, bringing £3,000 in as his capital, together with £2,000 for goodwill. From these sums it is clear that the goodwill of the firm is worth £6,000. But C cannot be expected to pay £2,000 for a third if the whole is not worth £6,000. Unfortunately, in this case some of that £6,000 is standing as an asset in the firm's books. On the face of this balance sheet, having regard to the fact that the goodwill is under-valued by £5,000, and it is only a share of the undervaluation or surplus of £5,000 which can be acquired by C, if we were to give C's £2,000 to A and B, dividing it equally between them, the result would be that C was paying to A and B more than he was obtaining from them; if the business were sold immediately after C's introduction, a profit of £5,000 would be made, of which C would receive one-third, or £1,666 13s. 4d., in consideration of which he has just paid to A and B £2,000.

There are three methods of solving this problem. Firstly, the profit arising from the undervaluation of goodwill may be removed before C's introduction. This will be done by writing up the goodwill account to £6,000, crediting the £5,000 to the people who earned it, viz., £2,500 each to A and B. By making this entry we have made it unnecessary for C to pay anything whatever for goodwill, and, therefore, we cannot give his £2,000 to A and B, but must place all the money he brings in, i.e., the full £5,000, to his own capital account. Many students make a very bad mistake when dealing with this type of problem. They commence by writing up the goodwill to its correct value, but not satisfied with removing the profit, they then make C pay to A and B the amount he would have paid had no goodwill been shown in the books.

The second method by which the problem may be solved is to eliminate from the firm's Balance Sheet, before C comes in, the book value of the goodwill, so that a total profit of £6,000 is created. This will be achieved by writing off goodwill to A and B, and C is then able to purchase one-third of the full £6,000, which is effected by crediting equally to A and B the £2,000 introduced for that purpose.

The third method by which the necessary adjustment may be made is as follows. On the basis of the Balance Sheet as it exists prior to C's introduction there is a surplus of £5,000, of which C would obtain automatically a one-third share if it were allowed to remain. We know that C should pay for that one-third of £5,000 the sum of £1,666 13s. 4d. The amount which he brings in for that purpose, however, is £2,000, viz., £333 6s. 8d. more than is necessary. We, therefore, credit to A and B the amounts to which they are entitled, viz., £333 6s. 8d. each, and credit the capital account of C with the excess, viz., £333 6s. 8d., thus giving to C a commencing capital of £3,333 6s. 8d.

It does not matter which of these three methods is adopted, the ultimate result in each case being the same. The disadvantage of the first method was that we wrote

up the goodwill account to a large figure ; by the second method we eliminated the whole of the goodwill ; by the third method we left goodwill as it was originally. From the examination point of view, it is perhaps advisable to leave goodwill in the books at its original figure, so that if you adopt the first or second methods it is advisable to make a final entry restoring the goodwill to its original book value. As the problem I have just dealt with usually provides more difficulties than any other, if there are any queries you would like to raise I hope you will do so at this point.

**A STUDENT :** What would be the effect if to-morrow the value of the goodwill decreased ?

**Mr. BIGG :** Any variation in value which takes place after the introduction of a partner does not affect the matter. This is a possibility which the new partner must realise at the date of his admission.

I want you now to imagine that we have two partners, A and B, with capitals of £5,000 each, and that they propose to introduce C as an equal partner, to contribute capital of £4,000 and £3,000 for goodwill. Now C finds at the date of his introduction that he cannot raise the whole of the cash required owing to certain financial difficulties experienced since the arrangement was made. C is, however, in a position to raise the amount required for capital but not the amount necessary for his share of goodwill. He therefore suggests to A and B that they can surmount this difficulty by raising a Goodwill Account for the amount he was to bring in, viz., £3,000, and crediting themselves with this amount in their profit-sharing proportion. C's contention is that if they adopt this suggestion they will have credited themselves with £1,500 each, which is the amount they would have received from him had he been in a position to have fulfilled his obligations exactly. A and B consider this suggestion, but do not like it. A says : " We were to sell you a third of our goodwill ; we were therefore to retain two-thirds. We should therefore open a Goodwill Account for £6,000, i.e., the two-thirds which we were not going to sell, and credit ourselves with £3,000 each." As the parties cannot agree upon the matter, it is referred to the firm's accountants.

Now, if we analyse the two proposals made, it is not difficult to realise why they are both wrong. The goodwill of this firm is worth £9,000, and that being the case the whole of that £9,000 belongs to A and B, whose capitals are understated by that amount. If C's suggestion were adopted, and a few weeks later the business were sold, subject to any market fluctuation, the goodwill will fetch £9,000, thus revealing a profit on its book value of £6,000, of which sum C would receive one-third. In other words, C's suggestion results in a gift to C of £2,000 by A and B. The suggestion made by A is equally bad in principle. If it were adopted, goodwill would be raised to £6,000, which would still be £3,000 less than its true value, and thus C would obtain, without payment, a one-third share of a potential profit of £3,000.

There are two ways by which the matter may be dealt with. One is to raise a Goodwill Account for the whole of its value, viz., £9,000, crediting this sum equally between A and B. If this method is adopted and the business then sold, there is no profit to go to C. The alternative is to make C a debtor for the amount he should have paid, by debiting a Loan Account in C's name with £3,000, and crediting this sum equally to A and B. In this manner no Goodwill Account is opened, and if the business were sold, a profit of £9,000 would be realised ; but C's share of this, £3,000, would be offset by the debit on his Loan Account.

There is always an infallible test to apply in these cases.

Say to yourselves : " I am going to dissolve this partnership. If I do, how much will these people receive back ? " If you discover as the result of that test that one or more partners will receive some extraordinary profit (or equally extraordinary loss), you know that your adjustments must have been wrong.

Now, assume that the suggestion to open a Goodwill Account for £9,000 is adopted. It is credited equally to A and B. When this has been done C can be admitted with safety. We have removed all the profit belonging to A and B in which C might claim a share. C now proposes to the firm that although he was unable to bring in the £3,000 for goodwill required of him, he would like to fulfil his obligation if the others will give him time to do so. A and B agree to let C buy his share of the goodwill by equal annual instalments over a period of ten years, each instalment to be found by C out of his share of the firm's profits. If his arrangement is to be carried out we must, obviously, over the period of ten years, eliminate from the books the goodwill raised prior to C's introduction. You will realise that in a partnership, if the assets are written down by one penny below their real value, a profit is created to that extent, and that profit is divisible between all the partners. If, therefore, by writing down an asset we create a profit which is divisible between all the partners, it is obvious that the profit must be created at their expense. This being the case, to give effect to the arrangement made with C, we must credit goodwill with £900 every year, and debit that £900 equally between A, B and C. We debit the capital accounts of A and B because it was to their capital accounts we credited the amount raised for goodwill, but we debit the current account of C as he is liable to make good this sum by leaving in profit to that extent.

At the end of ten years we have this result. You will have observed that when goodwill was created we credited A and B with £4,500 each, and that when we wrote down the goodwill, A and B were debited with £3,000 each. Therefore, on balance, A and B are left in credit to the extent of £1,500 each. This sum represents the proportion of the goodwill which has been charged to C's current account, and for which he has paid. We have, therefore, arrived at the same position as that in which we should have found ourselves at the outset had C introduced the full £3,000 at the date of his introduction. No Goodwill Account now stands in the books, and there is £1,500 each standing to the credit of A and B. An alternative solution would have been to write down goodwill at the rate of one-tenth per annum to the debit of profit and loss account, but by doing so the drawings of A and B would be restricted merely because C has not paid for goodwill, and this would be a most unfair burden to impose upon the partners concerned. It is only C whose drawings must be restricted until his share of goodwill has been paid for.

**Mr. R. M. BILIMORIA :** What does the balance on A's account represent ?

**Mr. BIGG :** This is part of the sum paid by C for goodwill. You will remember that C has paid £3,000 for goodwill, of which sum A receives £1,500 and B £1,500.

#### THE EFFECT OF A CHANGE IN PROFIT-SHARING PROPORTIONS.

I want to consider a further example on the subject of goodwill. I wish you to imagine that the Balance Sheet of the firm A, B and C, at December 31st, 1933, shows A with a capital of £8,000, and B with a capital of £2,000, and the net assets of the firm appear at £10,000. We are told that A and B have been in partnership for many years, and that they have shared profits equally from the commencement, but owing to changed circumstances

they decide that from the beginning of their new financial year, i.e., January 1st, 1934, they will commence to share profits unequally, and agree the new ratio as 2 : 1. It must be realised that this agreement to share future profits in a ratio different from that which obtained in the past may have a very serious effect upon the rights of the partners. It is apparent that by the new arrangement it is intended that *future* profits shall be shared in a new ratio, but not that such past profits as may not have been divided shall also be shared in that ratio. To the extent, however, that past profits or losses exist by reason of undervaluation or overvaluation of assets this effect will be obtained unless an adjustment is made.

The whole of the firm's assets must be revalued, and we will assume that this reveals them to be worth £13,000, i.e., an increase of £3,000, the surplus probably representing the value of unrecorded goodwill. At December 31st, 1933, A's interest in the firm was £9,500, i.e., a capital of £8,000, together with one-half of the surplus of £3,000. Now, if we make no adjustment on January 1st, 1934, when the partners commence to share profits in the new proportion of 2 : 1, we shall find that A's interest in the firm is £10,000, an increase of £500 on the amount due to him on the preceding day. We have, therefore, this position : merely by agreeing with B that in future he will take two-thirds of future profits, A has taken immediately £500 out of the pockets of B. If you calculate B's position, you will see that on December 31st he was entitled to £3,500, but on January 1st this has been reduced to £3,000. We often imagine that the only time goodwill is bought or sold is when a new partner is introduced or an old partner retires or dies. It is obvious, however, that we can just as easily buy or sell goodwill between ourselves without any change in the constitution of the firm taking place. That is the position in this case. A has obtained an extra share of the business from B, and A must therefore compensate B to that extent, and this will be achieved by debiting A and crediting B with £500, or, alternatively, by an actual cash payment of this amount. The question of goodwill provides us with most of our complications on the subject of partnership accounts, and I should like to know if anyone has any questions to ask before I proceed.

**Mr. H. T. SPEIRS :** In what circumstances would A and B be likely to wish to change the ratio of profit sharing?

**Mr. BIGG :** If for any reason one partner will in future take a less active part in the business of the firm. For example, they may have been in partnership for a number of years, and one of them, due to advancing years, may desire to go into semi-retirement, in which case he naturally would not take as much of the profit as he did before.

**Mr. R. ADAMS :** What would happen if an increase in the value of the assets were discovered after the profit-sharing ratio was changed? For example, if a seam of coal were discovered under land by the original partners after the new partner had been admitted.

**Mr. BIGG :** You mean if the discovery of an unrecorded asset were made after they made the change? If the asset existed during the time the old ratio was in force, an adjustment must be made upon its discovery.

#### THE CONVERSION OF A FIRM INTO A PRIVATE LIMITED COMPANY.

Now, I want you to imagine that there are five partners, A, B, C, D and E, who share profits in the ratio of 1 : 2 : 4 : 2 : 1, having capitals of £6,000, £4,000, £1,000, £1,000 and £2,000 respectively. It is proposed to convert the firm into a limited company, and we are asked to draft a scheme for that purpose which will provide for the partners the same interest in the company as they had formerly in the firm. It is necessary that we should

bear in mind three things. First, we must give the partners the same interest in the profits of the company as they had formerly in those of the firm; secondly, we must give them, as directors and shareholders of the company, the same relief from income tax as they had as partners of the firm; thirdly, we want to give them, so far as is possible, the same rights as to priority in the return of capital in the company as they had in the firm.

The first two objects are fairly easy to achieve; the last one is almost impossible to achieve completely, but we can get within a degree of accuracy which should be sufficient in the circumstances.

Let us imagine that the partnership continued, and eventually was wound up. If during the conduct of the dissolution a loss were made of such an amount that one of the partners finds his capital wiped out, it would be partner C. This would mean that A's share of such a loss would be £250, B's £500, D's £500, and E's £250. This would, therefore, leave A, B, D and E with £5,750, £3,500, £500 and £1,750 respectively. Now, if a further loss were made which was large enough to eliminate the balance due to one of the remaining partners, and necessitating the introduction of further money by C, it would be partner D whose capital balance would be wiped out, and A, B and E would be left with £5,500, £3,000 and £1,500 respectively. A further loss, of which E's share was £1,500 would eliminate his balance, and also that of B, leaving A with £4,000 due to him.

As I have already explained, the capital account of a partner is of little importance; if the amount standing to a partner's credit is insufficient to meet his share of a loss he must introduce further cash.

It will, therefore, be seen that if all the firm's assets were sold and all liabilities paid, and every partner who was placed in debit by reason of losses brought in the balance due from him and we were left with £4,000 at the bank, this sum would be due entirely to A. It is also apparent that if we had £10,000 at the bank, the anticipated loss of £6,000 would not have been incurred, and, therefore, we should have been in a position to pay £5,500 to A, £3,000 to B, and £1,500 to E. Similarly, by going back a stage further, if the anticipated loss of £1,500 had not been incurred, or any part of it, there would have been a further £1,500 to be divided as to £250 to A, £500 to B, £500 to D, and £250 to E.

Now we are to convert this firm into a company. Assume that no partnership salaries were paid by the firm but that the partners received 5 per cent. interest on capital. In order to ensure that each partner shall receive the same interest in ultimate profits as he enjoys in the firm we must give them ordinary shares in the company in their old profit-sharing ratio. I suggest, therefore, that we issue ordinary shares for £250 to A, £500 to B, £1,000 to C, £500 to D and £250 to E. In this manner C will receive ordinary shares for the whole of his capital but the remaining partners have surplus capital in respect of which they should be given preference shares. If, however, we issue 11,500 preference shares to the partners to satisfy their balances we overlook one essential point. If the company flourishes the position is sound, but in the event of liquidation through inability to meet its liabilities the scheme would prove most unsound. Let us imagine that the company is wound up and, after meeting all liabilities, there is £4,000 to return to the shareholders. Well, to whom does it go? It goes to the preference shareholders in the proportion of their preference share capital. Now that is entirely different from the position which existed in the partnership. The £4,000 we know very well, if a partnership had continued, would

have gone to A ; but now as a preference shareholder A is to receive only a proportion of this sum, the balance being divided between the others. We must obviously try to remedy this defect, and the simplest way of doing so is to issue different classes of shares, each class possessing the same rights except that in the event of liquidation they shall be entitled to repayment in a certain order. We should, therefore, issue to A 4,000 "A" preference shares to rank in priority to all other shares in the event of liquidation. A is then assured of receiving the first £4,000 after the creditors have been paid, just as he would have done in the case of a firm. We must then issue 6,000 "B" preference shares to rank after the "A," of which A will be given 1,500, B 3,000, and E 1,500. To satisfy the balances due 1,500 "C" preference shares must be issued and allotted as to A 250, B 500, D 500, and E 250.

In this manner we have preserved the priorities as they would have been in the partnership.

There is, however, one difference between the position now created and that formerly existing between the partners. In a partnership the risk of a partner is determined, not by his capital, but by his profit-sharing proportion ; in other words, the partner with the greatest risk in a partnership is the one who takes the largest share of the profits as he also takes the largest share of the losses. In the example taken, C had the biggest risk whilst the partnership continued ; he was entitled to four-tenths of profits and due to bear four-tenths of the losses of the firm and had therefore, four-tenths of the total risk. If C's capital had not proved large enough to meet his share of losses he would have been compelled to contribute further cash until his account was liquidated. In a company, however, the risk of a member is not limited by his share of profits ; it is limited by the amount of his capital—in other words, in our example the position of C has been reversed. Whereas in the firm the partner who had the biggest risk was C, in the company the biggest risk is now taken by A, and C now shares with D the smallest risk. This weakness could to a certain extent be overcome perhaps by the issue of a graduated series of partly-paid shares, or, alternatively, a series of guarantees from one partner to the other, but neither of these suggestions is very practicable. We as accountants, however, should inform the partners before the scheme comes into operation of the difference which will exist when the company is formed. It has to be remembered, if we again examine the position which would have existed had the firm been dissolved and only £4,000 remained after paying creditors, that this £4,000 would have arisen from cash introduced by C and D to make good the debits to their capital accounts. Such contributions will not be available to meet the amount due to A as the holder of "A" preference shares.

The three classes of preference shares may be issued to carry the right to a dividend of 5 per cent. per annum, i.e., at a rate equal to the interest formerly paid on partners' capitals, but if this is done there may be some loss due to the fact that such dividends will represent unearned income for income tax purposes. In order to avoid this I suggest that the preference shares shall carry no right to dividend, but that to compensate the partners concerned the Articles of the company should provide for the payment of directors' fees to A, B, D and E of £287 10s., £175, £25 and £87 10s. respectively, i.e., amounts equal to the dividends which would have been received.

In this manner each partner is compensated for his surplus of capital, but has been given something which is earned income.

Now the partner who received the smallest share of the firm's profits and interest on capital was E. E is now

to receive as director's fees £87 10s. per annum. In order to obtain the maximum allowance it is necessary that E should receive £1,500 as earned income, i.e., a further £1,412 10s. We must, therefore, provide under the Articles of the company that the first £14,125 of profit, after payment of the directors' fees provided for, shall be divided between the directors in the proportion of A 1/10, B 2/10, C 4/10, D 2/10 and E 1/10, as remuneration for their services. We have, therefore, ensured that before a dividend is paid on the ordinary shares each of the former partners shall receive at least £1,500 per annum as earned income. If further profits are made an ordinary dividend may be paid but as the ordinary shares are held in the old profit-sharing ratio the rights of the former partners are protected. In this manner we have surmounted our three difficulties.

STATEMENT SHOWING INCIDENCE OF POSSIBLE LOSSES.					
	A	B	C	D	E
Profit-sharing Ratio	1	2	4	2	1
	£	£	£	£	£
Capitals ..	6,000	4,000	1,000	1,000	2,000
First Loss ..	250	500	1,000	500	250
Balance of Capital	5,750	3,500	—	500	1,750
Second Loss ..	250	500	—	500	250
Balance of Capital	5,500	3,000	—	—	1,500
Third Loss ..	1,500	3,000	—	—	1,500
Balance of Capital	£4,000	—	—	—	—

NOTE.—After C's capital has been exhausted if a further loss is made C must make good the debit which will then arise on his capital account. Similar remarks will apply subsequently to D.

SUGGESTED SCHEME.					
	A	B	C	D	E
	£	£	£	£	£
Ordinary Shares ..	250	500	1,000	500	250
"A" Preference					
Shares ..	4,000	—	—	—	—
"B" Preference					
Shares ..	1,500	3,000	—	—	1,500
"C" Preference					
Shares ..	250	500	—	500	250
	£6,000	£4,000	£1,000	£1,000	£2,000

EARNED INCOME.					
	A	B	C		
	£ s. d.	£ s. d.	£ s. d.		
Directors' Fees	287 10 0	175 0 0	—		
Directors' Remu-					
neration ..	1,412 10 0	2,825 0 0	0 0 5,650 0 0		
	£1,700 0 0	£3,000 0 0	0 0 £5,650 0 0		

D						E	
	£	s.	d.		£	s.	d.
Directors' Fees	25	0	0	—	87	10	0
Directors' Remu-							
neration ..	2,825	0	0	—	1,412	10	0
	£2,850	0	0	—	£1,500	0	0

Mr. J. F. T. BROWNING : Supposing there has been a limited partnership, I take it that the capital has then

nothing to do with the risk. With a limited partnership C's risk would be £1,000, no matter what share of profit he had ?

Mr. BIGG : That would be quite right, but the possibility of it being a limited partnership is very remote. There are, I believe, about six of such partnerships in the whole country. I agree that if it were a limited partnership, a limited partner's position when he became a shareholder would be exactly the same as it was before. In both cases his liability would be limited by the amount of his capital.

A STUDENT : May I ask why you took the interest at the rate of 5 per cent.?

Mr. BIGG : Because 5 per cent. was the rate of interest that the partners received formerly on their capital. They must continue to receive some compensation for that. Had I given them preference shares carrying a dividend, it would have been 5 per cent., but now I have given directors' fees instead.

A STUDENT : What provision would you make in the event of A buying out one of his partners?

Mr. BIGG : A company cannot buy back its own shares in the same way that a partnership could repay a partner's capital. If a partner is to be bought out the remaining partners should purchase his ordinary shares in their profit-sharing ratio at an agreed valuation. The preference shares could be bought by the others in any manner agreed upon.

Mr. J. R. MESSENGER : With regard to C's loss of interest on capital, I suggest that as C has no preference capital he loses or gains nothing in place of the 5 per cent. interest on capital that he used to receive.

Mr. BIGG : In the partnership I calculated 5 per cent. on the total capitals ; in the company I am taking interest on the surplus capitals and therefore each partner is foregoing interest in his profit-sharing ratio, but this he is receiving in another form.

Mr. MESSENGER : He would lose if the profits did not cover the directors' fees.

Mr. BIGG : Not really, because all the others have foregone interest in the same proportion. You see, they are all going without interest on capital in the profit-sharing proportions.

Mr. J. CLARK : If C had 2,000 shares of £1 each 10s. paid, he would be liable for another £1,000.

Mr. BIGG : I agree, but it might be that in the partnership he would have been required to introduce more than another £1,000. You cannot budget for every possible liability.

Votes of thanks to the Lecturer and Chairman terminated the proceedings.

## Changes and Removals.

Messrs. Wm. H. Jack & Co., Incorporated Accountants, have removed from 38 to 49, Bath Street, Glasgow, C.2.

Mr. C. A. H. Holloway, Incorporated Accountant, announces that he is now practising at 35, East Street, Shoreham-by-Sea.

Mr. J. Crooke Johnson, Incorporated Accountant, has commenced public practice at 12, King Street, Wigan.

Messrs. D. H. Kabraji & Co., Incorporated Accountants, have changed their address to 22, Apollo Street, Fort, Bombay.

Messrs. N. C. Chakravarty & Co., Incorporated Accountants, have removed their offices to 10, Old Post Office Street, Calcutta.

## District Societies of Incorporated Accountants.

### BIRMINGHAM.

#### Annual Report.

The Committee have pleasure in presenting the forty-third annual report of the Society.

They desire to place on record an expression of thanks to the various lecturers for their services, and to the Birmingham Chartered Accountants Students' Society, the Birmingham and District Branch of the Chartered Institute of Secretaries, and the Institute of Bankers, for their invitations to Lectures and co-operation.

During the year the District Society sustained a great loss through the death of Mr. E. T. Kerr, who for many years was President of the Birmingham and District Society, and also a member of the Council of the Parent Society.

The Committee unanimously elected Mr. Ernest T. Brown to fill the vacancy in the office of President, which arose through the death of Mr. Kerr.

The Committee have various schemes under consideration, and amongst them is the question of the betterment of the Society's Library by the introduction of numerous works of interest to the profession and the provision of accommodation which will afford the student members an opportunity of having access to them at all reasonable hours.

During the year the Committee were successful in obtaining the services of a number of distinguished Lecturers. It was necessary to hold several lectures at the Chamber of Commerce as the Library provided insufficient accommodation. The following lectures and functions were held :—Dance at Kunzle's Café, Union Street, Birmingham.

"Competitive Currency Depreciation," by Professor J. H. Jones, M.A., Professor of Economics at Leeds University. The Institute of Bankers and the Birmingham Society of Chartered Accountants were invited to this lecture.

"Industrial Psychology and Common-sense," by Mr. L. I. Hunt, B.A., of the National Institute of Industrial Psychology. The Institute of Cost and Works Accountants were invited to this lecture.

Dinner at Queen's Hotel.

"The Exchange Equalisation Account," by Mr. H. E. Evitt.

"Costing Investigations," by Mr. D. Cousins, B.Com., A.C.A. By invitation of the Institute of Cost and Works Accountants.

"Electricity Finance," by Mr. H. F. Carpenter, F.S.A.A., F.C.I.S.

"Income Tax Reliefs in Respect of Losses," by Mr. H. A. R. J. Wilson, F.S.A.A. The Chartered Institute of Secretaries were invited to this lecture.

"Holding Companies and the Preparation of their Accounts," by Mr. R. P. Anderson, A.C.A. By invitation of the Chartered Institute of Secretaries.

#### PRIZES.

Prizes in the form of books approved by the President will be given by the District Society to Student members taking Honours at the examinations of the Society, provided that the candidate was actually a member of the District Society at the date of the examination. The value of the books will be as follows :—

Final examination.—First place, £3 3s.; all other Honours, £1 1s.

Intermediate examination.—First place, £2 2s.; all other Honours, £1 1s.

### CUMBERLAND AND WESTMORLAND.

#### Annual Report.

The Committee submit herewith their report of the activities which have engaged their attention during the past year.

An excellent Syllabus of Lectures was drawn up on behalf of the Students' Section by Mr. T. E. Williams, and the thanks of the Society are due to him for his work in this respect:—

"Bankruptcy," by Mr. T. B. Harston, LL.B.

"Auditing," by Mr. W. H. Grainger, F.S.A.A.

"How to Read the Money Article," by Mr. H. K. Campbell, M.B.E.

"Income Tax," by Mr. J. Ross, B.Com.

"Company Accounts," by Mr. O. Griffiths.

"Economics," by Prof. J. H. Jones, M.A.

"Revision," by Mr. H. A. R. J. Wilson, F.S.A.A.

It is gratifying to record that during the year a number of student members were successful in passing the Society's examinations. Special mention must be made of Mr. E. A. Marsh, who obtained the Fourth Certificate of Merit in the Final examination, in November, 1933.

All the members of the Committee retire and are eligible for re-election.

### LEICESTER.

#### Report.

The Committee have pleasure in presenting their report on the work of the Society for the year ended March 31st, 1934.

#### LECTURES.

The following lectures were given at Leicester during the session:—

"The Economics of Costing," by Mr. W. H. Stalker, A.S.A.A., F.C.W.A.

"The Preparation of Accounts from Incomplete Records," by Mr. K. A. Coles, M.A., F.C.A.

"Official Statistics and how to use them," by Mr. Colin Clark, M.A., University Lecturer in Statistics, Cambridge.

"The Land Laws of England," by Mr. Bertram B. Benas, B.A., LL.B.

"The Money Market as it was and as it is," by Mr. A. L. Boddington, F.S.S.

"Income Tax," by Mr. Victor Walton, F.C.A.

"Legacy and Succession Duty Accounts," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.

"Fluctuations in Industry," by Mr. A. Radford, B.Sc. (Econ.)

"Death Duties," by Mr. E. Westby-Nunn, B.A., LL.B.

"Deeds of Arrangement," by Mr. S. Shaw, LL.B.

"Recent Legal Decisions in Company Law," by Mr. C. A. Sales, LL.B., F.S.A.A.

Mr. Radford, Mr. Wilson, Mr. Westby-Nunn, Mr. Shaw and Mr. Sales also gave their lectures in Northampton. In addition, a lecture was given by Mr. W. Walder, H.M. Inspector of Taxes, at Northampton, entitled "Capital and Revenue Expenditure from an Income Tax point of view." The attendances at lectures in Leicester averaged 27, and in Northampton 18.

The Committee wish to place on record their thanks to the Lecturers and Chairmen.

The Committee regret to note that the attendance at lectures shows a falling off compared with the previous year, and hope that students in particular will avail themselves more of the educational advantages provided for them.

#### MEMBERSHIP.

At the close of the session the membership consisted of 127 Incorporated Accountants and 109 Students.

#### EXAMINATIONS.

At a meeting of the Committee held in May, 1933, a resolution was passed that in the event of any member of the District Society obtaining a place in the Society's examinations a prize be awarded according to the following scale:—

	Final Examination.	Intermediate Examination
First Place ..	£5 5 0	£3 3 0
Second Place ..	£3 3 0	£2 2 0
Any other Place ..	£2 2 0	£1 1 0

It is with pleasure that we are able to report that Mr. S. J. Kent, of Leicester, obtained First Place in the Final examination in May, 1933, and has since been awarded the Society's Gold Medal. In the same examination Mr. G. V. Sigwart, of Northampton, obtained seventh place in the Intermediate examination.

The Committee also extend their congratulations to eight students who were successful in the Final examination, and five who passed the Intermediate in 1933.

#### SOCIAL FUNCTIONS.

On April 18th, 1933, the Society met at luncheon with the Members of the Leicester Society of Chartered Accountants to hear an address on "The Exports Credits Guarantee Scheme," given by Mr. C. Firth of the Exports Credits Guarantee Department. The meeting was well supported and gave rise to an instructive and valuable discussion.

The Society was represented by the Secretary on the local General Committee formed in connection with the meeting of the British Association for the Advancement of Science held in Leicester from September 6th to 13th.

On September 8th, in collaboration with the Leicester Society of Chartered Accountants, a luncheon was given to the Economic Section of the Association at the Grand Hotel, Leicester. An instructive address, given by Mr. Francis Williams on "Some Financial Aspects of the Trade Depression," was enjoyed by all present.

#### INTERNATIONAL CONFERENCE OF ACCOUNTANTS.

The year 1933 was memorable for the fourth International Congress on Accounting held in London in July. The President and Secretary attended the Conference in their official capacities, and a number of other members of the District Society also attended. The Committee desire to place on record their appreciation of the excellent organisation which contributed so largely to the success of the Conference.

#### EDUCATION.

The attention of students is drawn to the facilities existing at the Leicester Colleges of Art and Technology for courses in professional subjects. The City Council are making every endeavour to provide courses to meet the needs of those entering the profession and are entitled to the fullest support. Full information may be obtained from the Secretary.

### LIVERPOOL.

#### ANNUAL MEETING.

The fortieth annual meeting of the Liverpool District Society was held on May 29th.

Mr. Alexander Hannah, the retiring President, reviewed the activities of the Society during the past year, and referred to the possibility of the profession becoming overcrowded, a prospect about which he was not over-anxious, in view of the small amount of unemployment amongst members of the Society. The course of practice would probably tend towards increasing specialisation, possibly on the analogy of consultant specialists in other professions, but attention should also be given to the desirability of sharing knowledge amongst all members of the

profession, in which direction the Liverpool Consultative Committee was doing pioneer work. On the question of professional education, much had been done and could be done in connection with Examination Revision Classes, Scholarships, co-operation with the Universities, Post-graduate Courses, and the requirement of a thesis from members seeking admission to Fellowship. The grateful thanks of the Liverpool Society were due to the President, the Council and the Officers of the Parent Society for the generous support and assistance given in many ways during the past year.

Mr. W. E. Taffs and Mr. S. Woodyer were appointed to the Committee, in addition to the retiring members, Mr. Ernest Chetter, Mr. F. J. Coombes, Mr. E. S. Goulding, Mr. A. Hannah and Mr. Alan Standing. Mr. R. Duncan French was appointed Hon. Auditor for the ensuing year. Many tributes were paid to the services rendered to the Society by Mr. Alexander Hannah, both as President during the past three years, and as Hon. Secretary during the previous 17 years.

At a Committee meeting held following the annual meeting, the following appointments were made for the ensuing year :—President, Major E. S. Goulding, O.B.E.; Vice-President, Mr. T. T. Plender; Hon. Treasurer, Mr. Charles M. Dolby; Hon. Secretary, Mr. W. Bertram Nelson.

#### GOLF MATCH.

A golf match was played at Woolton Golf Club on June 22nd between the District Society and the local Inspectors of Taxes. The result was a victory for the Tax Inspectors, both in the singles and foursomes competitions, the scores being 6 to 4 in their favour in the former, and 3 to 1 in the latter.

#### MANCHESTER.

#### ANNUAL MEETING.

The forty-eighth annual meeting of the Manchester and District Society was held on June 4th. It was preceded by an address to student members by Mr. Henry L. Marsden, LL.M., B.Com., Principal of the Municipal High School of Commerce, on the courses which had been specially arranged at the School for accountancy students.

Mr. William A. Nixon was unanimously elected President, and Mr. Henry Smith Vice-President.

Mr. Alfred Southern was elected Hon. Treasurer; Mr. C. E. Rogerson was re-elected Hon. Librarian; and Mr. A. E. Piggott and Mr. Halvor Piggott were re-elected Joint Hon. Secretaries.

The retiring Hon. Auditors, Mr. Thomas Hodgson, F.S.A.A., and Mr. R. Metcalfe (Student), were re-appointed.

#### Report.

The Committee present to the members of the Society a report of the several matters that have engaged their attention, and of the activities of the Society since the issue of the last report. It is with pleasure that they report a gratifying increase in the interest displayed in the activities of the Society and attendances at meetings. They trust that the members and students will continue to give that support which is so essential.

#### MEETINGS.

The following meetings were held during the 1933-34 session :—

Students' Meeting.—Mock Shareholders' Meeting.

"Law Reform," by Mr. H. Burton, B.A., Barrister-at-Law.

Points of Law for the Company Secretary," by Miss E. Hesling, LL.B., Barrister-at-Law.

"The Economics of Costing," by Mr. W. H. Stalker, A.S.A.A., President of the Newcastle-upon-Tyne District Society.

Visit to new Stretford Town Hall.

Students' Meeting.—"Adjustment of Profits for Taxation Purposes," by Mr. J. Wood, A.C.A.

Joint Meeting with Manchester and District Branch of the Chartered Institute of Secretaries.—"The Work of the County Court," by His Honour Judge Leigh.

Dance of Members and Students at the College of Technology.

Students' Meeting.—"Revision of November Examination Papers," by Mr. William Pickles, B.Com., F.C.A., A.S.A.A.

Students' Meeting.—"A Few Examination Hints in Bankruptcy Law and Practice," by Mr. E. Westby Nunn, B.A., LL.B.

Students' Meeting.—Debate. Joint Meeting with Institute of Cost and Works Accountants.

"Personal Finance," by Mr. William A. Nixon, F.S.A.A.

Students' Meeting.—"Consolidated Balance Sheets," by Mr. A. Lord, A.S.A.A.

"The Pension Problem in Industry and its Relation to Unemployment," by Mr. C. W. Lambert.

Joint Meeting with the Manchester Centre of the Association of H.M. Inspectors of Taxes. Mock Income Tax Appeals.

Annual Dinner at the Midland Hotel.

Students' Meeting.—"The Eternal Triangle," by Mr. William A. Nixon, F.S.A.A.

Students' Annual Meeting, followed by Mock Creditors' Meeting.

#### LIBRARY.

The Hon. Librarian reports that the circulation of the library has shown a very marked increase, no doubt due to the re-organisation effected during the year and the issue of the catalogue.

Members are reminded that facilities exist for having books forwarded to them by post when they are unable to call, and that the Librarian will be glad to receive suggestions of new publications for addition to the library.

#### SOCIAL FUNCTIONS.

The 48th Anniversary Dinner was celebrated at the Midland Hotel, on March 2nd, 1934, and was presided over by the President, Mr. Joseph Turner. The President of the Parent Society, Mr. E. Cassleton Elliott, Mr. A. A. Garrett, the Secretary, and a number of distinguished guests attended.

The members and students combined in holding a dance on December 9th, 1933, in the Great Hall of the College of Technology.

#### MEMBERSHIP.

On March 31st there were 454 members, of whom 205 were practising in the area of the District Society.

#### STUDENTS' SECTION.

The total number of students on the register at March 31st was 292.

The Committee have submitted the following report :—

In presenting their report for the session ended March 31st, 1934, the Committee have a much pleasanter task than formerly, the attendance at meetings having improved 75 per cent. on the preceding year.

A syllabus of eight lectures on widely varying subjects was arranged, and it is gratifying to record that the lowest attendance was above last year's average. At the same time the Committee are by no means satisfied. The average attendance was 42. The Committee wish to take this opportunity of thanking again those senior members who acted as chairmen at the meetings.

Suggestions are at all times welcomed by the Committee, and will receive careful and sympathetic consideration.

#### EXAMINATION RESULTS.

The Committee have decided to award prizes to candidates of this Society who are placed highest in their respective Intermediate and Final examinations.

#### MONTHLY CIRCULAR.

The monthly announcement of meetings has been enlarged to a monthly circular containing comments upon the past meetings and ensuing arrangements, and references to other matters of interest. This experiment appears to have been justified, and will be continued.

#### ADVISORY COMMITTEE.

In December, 1933, a member of this Society had occasion to seek advice upon a professional matter. The President called together a small Advisory Committee, whose opinions were transmitted to the member. This Committee is not a permanent one, but members might like to know that a similar informal Advisory Committee can be called, if necessary, on request. The member's name need be known only to the President if so desired.

#### COMMITTEE.

The following retire by rotation: Mr. H. B. Leah, Mr. W. Nicklin, Mr. W. A. Nixon, Mr. Halvor Piggott and Mr. A. Southern, but are eligible for re-election.

### NEWCASTLE-UPON-TYNE.

#### ANNUAL MEETING.

The Annual Meeting of the Newcastle-upon-Tyne and District Society was held on May 30th, the President, Mr. W. H. Stalker, in the chair.

The report and accounts for the year 1933-34 were received and adopted.

The retiring members of the Committee were re-elected, and Mr. H. Scott was elected to fill a vacancy.

The retiring Honorary Auditor, Mr. T. H. Major, was also re-elected.

At a Committee meeting held immediately after the annual meeting, Mr. M. H. Groves, of West Hartlepool, was elected President, and Mr. Frederic W. Smith, of Newcastle, and Mr. C. Percy Barrowcliff, of Middlesbrough, were elected Vice-Presidents.

#### Report.

The Committee have pleasure in presenting their report for the year ended March 31st, 1934, and desire to place on record a very cordial expression of thanks to the gentlemen who gave lectures last session.

#### MEMBERSHIP.

The membership at March 31st, 1934, was 37 Fellows, 172 Associates, and 186 Student members, a total of 395, as compared with 382 at March 31st, 1933.

It is with great regret that the Committee have to report the deaths of the following members during the past year:—Mr. Edward Harrison, of Newcastle; Mr. Frederick Gibson, of Sunderland.

#### NEW HEADQUARTERS.

The generosity of the Parent Society has made possible the tenancy of a large room at 15, Grainger Street West, Newcastle-upon-Tyne. It has been furnished as a library and lecture room, and is open each day for reading and study purposes. Members are invited to make the fullest use of the facilities thus provided.

#### LECTURES.

The following lectures and meetings were held:—

At Newcastle-upon-Tyne—

“Bankruptcy,” by Mr. F. C. Wells, Official Receiver, Newcastle.

“That Modern Conditions tend to Laziness.” Debate with Middlesbrough Students.

Annual Dinner at Royal Station Hotel.

“The London Money Market,” by Mr. C. R. Curtis, M.Sc. (Econ.). (Joint meeting with the Incorporated Secretaries' Association.)

“The Douglas System of Credit Control,” by the Most Honourable The Marquis of Tavistock.

Mock Income Tax Appeal.

“Income Tax Loss Appeals,” by Mr. V. H. M. Bayley, A.C.A., A.S.A.A.

“A Deed of Assignment.”

“The Rights and Duties of an Auditor under the Companies Act, 1929,” by Mr. Norman Harper, Barrister-at-Law.

At Middlesbrough—

“Receivers,” by Mr. C. L. Hamer, F.S.A.A.

Mock Income Tax Appeal.

“Guarantees,” by Mr. R. M. Beckwith, Solicitor.

“The Progress of Mechanical Book-keeping,” by Mr. C. R. Curtis, M.Sc. (Econ.).

“Internal Check and Audit of the Accounts of a Local Authority,” by Mr. R. Sutcliffe, F.S.A.A., Borough Treasurer of Middlesbrough.

“That a Reserve Fund should be represented by Investments outside the business.” Debate with Newcastle Students.

“Debentures,” by Mr. R. M. Beckwith, Solicitor.

“Some Points in Insolvency,” by Mr. C. Percy Barrowcliff, F.S.A.A.

Short Papers by Student Members.

Whilst the attendances at Newcastle have improved during the year, it is a matter for regret that the students do not take the fullest advantage of these opportunities. The Committee feel that at both Newcastle and Middlesbrough the meetings do not receive the support of the general body of qualified members, particularly the practitioners who could, by their attendance and interest, materially help to increase the usefulness and prestige of the District Society. As an experiment four pre-examination lectures were given by members of the Committee for the benefit of those students who intended sitting for the May examination.

#### EXAMINATION RESULTS.

Ten students were successful in the Final examination, and 23 in the Intermediate during the year.

#### LIBRARY.

It is pleasing to note that during the year greater use has been made of the Library.

#### COMMITTEE.

The following retire by rotation, but are eligible for re-election:—Mr. M. H. Groves, Mr. A. J. Ingram, Mr. W. M. McKenzie, Mr. A. M. White, and Mr. H. J. Thompson. Mr. H. Scott has been nominated for election.

#### HON. SECRETARY.

The Committee regret that owing to pressure of other duties Mr. J. Telfer has been compelled to resign the position which he had held for the past ten years as Hon. Secretary and Treasurer of the District Society. They wish to place on record their appreciation of the valuable services which he has rendered, which have contributed in a large measure to the success of this District Society. Mr. J. E. Spoors has been appointed in his place.

#### PARENT SOCIETY AND BRANCHES.

The President and Hon. Secretary have attended the official functions of various northern District Societies during the winter, and the Conference of Representatives of District Societies held in the Incorporated Accountants' Hall, London, on May 19th, 1934.

**NORTH LANCASHIRE.****Annual Report.**

The Committee have pleasure in presenting a report on the work of the Society for the year ended March 31st, 1934.

**MEMBERSHIP.**

The total membership on March 31st, 1934, was 237, consisting of 35 Fellows, 97 Associates, and 105 Students. This is an increase of 20 (including 17 students) over the figures for the preceding year.

**LECTURES AND MEETINGS.**

During the Session the following Lectures were given:—  
"Powers and Duties of Liquidators," by Mr. R. F. Cartwright, LL.B., Solicitor.

"Executorship Accounts," by Mr. A. Lord, A.S.A.A.

"Cost Accounts," by Mr. H. A. R. J. Wilson, F.S.A.A.

Debate between Preston and District and Burnley and District Students. *Motion*—"That the Students of the Incorporated Accountants' District Society of North Lancashire favour the Statutory Registration of Accountants."

"The Economics of Costing," by Mr. W. H. Stalker, A.S.A.A.

"Accountants and the Public," by Mr. A. Collins, F.S.A.A. (Member of the Council).

"The Law of Bankruptcy," by Mr. C. A. Sales, LL.B., F.S.A.A.

Out of a membership of over 200 it is disappointing that, apart from the occasion of Mr. Collins' visit, not more than an average of 15 considered it worth while to be present.

**EXAMINATIONS.**

Congratulations are extended to the students who were successful at the Parent Society's examinations in May and November, 1933.

Mr. George Eccles obtained the First Certificate of Merit and First Prize in the November Final examination, and was awarded the Silver Medal for 1933. In addition, ten students passed the Final examination during the year, and seven were successful in the Intermediate.

The Certificate of Merit was presented to Mr. Eccles by the President of the District Society, Mr. John Potter, J.P., M.P., who took the opportunity of extending to him the cordial congratulations of the officers and members on his achievement.

**LIBRARY.**

Books may be borrowed on application to the Hon. Secretary and will be forwarded post free to out-of-town members. Books must be returned within 14 days.

**ANNUAL DINNER.**

The fourth annual dinner was held at the Park Hotel, Preston, on October 27th. Mr. John Potter, M.P., presided, and amongst the guests present were Mr. E. Cassleton Elliott (President of the Parent Society), and the Mayors of Preston, Blackpool and Blackburn.

**COMMITTEE.**

The retiring members of the Committee, Mr. J. P. Duxbury, Mr. W. H. Marsden and Mr. D. W. Wilkinson, being eligible, offer themselves for re-election.

The Committee regret that Mr. N. Broadbent, one of the Vice-Presidents, resigned during the year. They desire to accord their thanks to him for his work on behalf of the Society, particularly in the formation of the Burnley Students' Section.

**BURNLEY STUDENTS' SECTION REPORT.**

The membership of the Section is:—

Students .. . . . . 24

Incorporated Accountants .. . . . . 27

There was an average attendance of 12 at the following lectures and discussions:—

- "Interest Calculations in connection with Hire Purchase Accounts," by Mr. William Ashworth, F.S.A.A.
- "Extracts from an Accountants' Note-book," by Mr. Percy Toothill, F.S.A.A. (Member of the Council).
- "Electricity Undertakings—Finance and Accounts," by Mr. J. Campbell, F.S.A.A. (Borough Treasurer of Accrington).

**Students' Lectureettes.**

Joint Debate with District Society at Preston. Subject—"The Registration of Accountants."

"Dominion Income Tax," by Mr. W. Burrows, A.S.A.A.

Five students were successful in the Preliminary examination held in May, 1933, one in the Intermediate and two in the Final, while in the November examination there was one successful student in the Final.

**NOTTINGHAM, DERBY AND LINCOLN.****Annual Report.**

The Committee has pleasure in submitting its twenty-fifth annual report for the year ended March 31st, 1934.

**MEMBERSHIP.**

The membership at March 31st, 1934, was:—

Fellows and Associates in Practice .. ..	47
Fellows and Associates not in Practice .. ..	81
Students .. .. .. ..	90
	218

**REVIEW OF THE SOCIETY'S WORK.**

During the year the following lectures were delivered:—

"The London Money Market," by Mr. A. S. Wade.  
"Economics," by Mr. Arthur Radford, B.Sc.

"Recent Income Tax Decisions in the High Court," by Mr. C. G. Woodfield.

"Deeds of Arrangement," by Mr. S. Shaw, LL.B., Barrister-at-Law.

"Bankruptcy," by Mr. C. A. Sales, LL.B., F.S.A.A.

"Principles of Mercantile Law," by Mr. E. Westby-Nunn, B.A., Barrister-at-Law.

"Criticism of a Balance Sheet," by Mr. W. W. Bigg F.C.A., F.S.A.A.

"Executorship Law and Accounts," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.

"Statistics," by Mr. Arthur Radford, B.Sc.

"Costing," by Mr. John W. Mee, A.S.A.A.

The annual dinner was held at the Victoria Station Hotel, Nottingham, on February 7th, 1934. Mr. Fred A. Prior, F.S.A.A., was in the chair, and the guests included the Lord Mayor of Nottingham.

At a luncheon held at the Reform Club, a short address on "The Lace Trade" was given by Mr. G. A. Hancock, M.C.

This Society was represented at the International Congress on Accounting by the President, Mr. Fred A. Prior, Mr. J. T. Singleton and Mr. J. W. Mee.

The President, Mr. Fred A. Prior, and the Secretary, Mr. Stanley I. Wallis, also attended the Annual Meeting and Conference of Representatives of District Societies in London in May, 1933.

**NEW YEAR HONOURS LIST.**

This Society desires to record its pleasure at the Honour of Knighthood conferred upon Sir Thomas Keens, F.S.A.A., Past President of the Society. This Society also notes with satisfaction that the Secretary of the Parent Society, Mr. A. A. Garrett, M.A., has been awarded the distinction of M.B.E.

**CHAMBER OF COMMERCE.**

The attention of senior members is drawn to the work of the Nottingham Chamber of Commerce, and of junior

members to that of the Junior Chamber of Commerce. In view of the importance of the work carried out by these bodies the Committee recommends that they should be supported by a larger number of members of the District Society.

#### LIBRARY.

Further additions have been made to the Library and increasing use is being made of the facilities offered.

#### EXAMINATION PRIZES.

The following Prize Scheme has been instituted this session by this District Society for Student members taking Honours in the Parent Society examinations :—

##### *Final.*

First Place ..	£10 10 0	First Place ..	£5 5 0
Second Place ..	£5 5 0	Second Place ..	£3 3 0
Any other Place £3 3 0		Any other Place £2 2 0	

A prize of £2 2s. was awarded to Mr. E. S. Prince, who took third place in the Society's Intermediate examination in May, 1933.

#### PRIZE ESSAY SCHEME.

A Prize Essay Scheme was held during the session and the following prizes were awarded :—

##### *Final Students.*

Mr. A. W. Mawby (First Prize) ..	..	..	£2 2 0
Mr. G. R. L. Watkins (Special Prize) ..	..	..	£1 1 0

##### *Intermediate Student.*

Mr. H. S. Evans (First Prize) ..	..	..	£1 1 0
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#### COMMITTEE.

The retiring members of the Committee, Mr. Thomas E. Clarke, Mr. C. F. Carlisle, Mr. E. Harry Palmer and Mr. J. T. Singleton, offer themselves for re-election.

#### AUDITORS.

The retiring auditors, Mr. Walter Clayton and Mr. Harold T. Hooley, also offer themselves for re-election.

#### EXAMINATIONS.

Twenty-two students were successful in the examinations of the Parent Society, nine in the Final and thirteen in the Intermediate, to all of whom the Committee tenders its congratulations.

#### SHEFFIELD.

##### ANNUAL MEETING.

The 47th annual general meeting of the Incorporated Accountants' District Society of Sheffield was held at the Reform Club, Sheffield, on June 1st. Mr. A. B. Griffiths, F.S.A.A. (President), occupied the chair.

The 47th report and accounts were approved, and particular reference was made to the number and excellence of the lectures delivered during the winter of 1933-34.

It was reported that the library had been considerably improved by the addition of a number of recent publications, and a new catalogue had been issued to all the members.

The following were appointed Officers and Committee for the year 1934-35 :—President : Mr. A. B. Griffiths, F.S.A.A. Vice-President : Mr. H. Cunningham, A.S.A.A. Immediate Past President : Mr. Leslie Lewis, F.S.A.A. Committee : Mr. C. A. Belbin, F.S.A.A., Mr. J. H. Freeborough, J.P., F.S.A.A., Mr. C. S. Garraway, A.S.A.A., Mr. C. E. Gray, A.S.A.A., Mr. A. F. J. Girling, A.S.A.A. (Doncaster), Mr. E. Ransom Harrison, F.S.A.A., Mr. H. G. Liversidge, F.S.A.A. (Rotherham), Mr. F. Smith, A.S.A.A. (Rotherham), Mr. P. Toothill, F.S.A.A., Mr. C. H. Wells, F.S.A.A. Student Representatives : Mr. E. R. Birley, A.S.A.A. (Chesterfield), Mr. H. Naylor, A.S.A.A. (Sheffield). Honorary Librarian : Mr. H. G. Toothill, A.S.A.A., 9-11, Figtree Lane, Sheffield. Hon.

Secretary and Treasurer : Mr. J. W. Richardson, A.S.A.A., 21, Fargate, Sheffield.

#### Report.

The Committee have pleasure in presenting to the members the following report on the work of the Society for the year ended March 31st, 1934.

The year has seen an extension of the lecture programme. A number of lectures have been held for members of this District Society only, which have been well attended, in addition to the lectures held jointly with the Sheffield Society of Chartered Accountants, Sheffield and District Institute of Bankers, and Sheffield and District branch of the Chartered Institute of Secretaries. By the means of these lectures the education of the student is advanced considerably, whilst Incorporated Accountants are enabled by research and discussion to increase their knowledge and benefit by experience.

The following lectures and meetings have been held :—“The Gold Standard,” by Mr. A. P. Bardell, F.S.A.A. “Income Tax and Sur-tax,” by Mr. A. W. Rawlinson, F.C.A.

Students' Debate (at Bradford) : “That in the opinion of this house it is inadvisable that employees of any company or business should automatically share in the profits of that business.”

“The Quota System, with special reference to the Coal Industry,” by Mr. J. T. Rankin, C.A.

“The Way to Prosperity,” by Professor Douglas Knoop, M.A.

“The Interpretation of Accounts,” by Mr. W. Bertram Nelson, F.S.A.A.

“The Reconsideration of Auditing Methods, with some Suggestions for Meeting Modern Conditions,” by Mr. Stanley W. Rowland, LL.B., F.C.A.

Students' Debate (at Doncaster) : “That in the opinion of this house strikes are justifiable.”

“Economics of Costing,” by Mr. W. H. Stalker, A.S.A.A.

“Municipal Accounting, with Demonstrations,” by Mr. A. B. Griffiths, F.S.A.A. (City Treasurer), President. Sheffield District Society.

“The Work of the Stock Exchange,” by Mr. F. E. Armstrong.

The Committee tender their hearty congratulations to the members who were successful in their examinations during 1933. Three candidates passed the Final examination and five the Intermediate.

The Secretary represented the District Society at the Conference of Representatives of District Societies held in the Incorporated Accountants' Hall, London, on May 19th, 1933.

During the period 21 members have been enrolled in the Students' Section.

The library has now been brought up to date, and a new catalogue has been compiled.

#### SOUTH WALES AND MONMOUTHSHIRE.

##### ANNUAL MEETING.

The annual meeting was held at the Park Hotel, Cardiff, on June 11th. The retiring President, Lieut.-Col. R. C. L. Thomas, in submitting the report and accounts for the year ended March 31st, 1934, referred to the International Congress on Accounting which was held in London in July last, and to the part taken therein by various members of the District Society, including Mr. R. Wilson Bartlett, J.P., Mr. F. J. Alban, C.B.E., and Mr. Percy H. Walker. He paid high tribute to the work which had been done by the student sections at Cardiff and Newport which were doing a great work in the education of the young accountants.

An Incorporated Accountants' Course would be held at Gonville and Caius College, Cambridge, by kind permission of the Master and Fellows, from July 4th to 9th, 1934. A number of members of the District Society were participating in the Incorporated Accountants Course to be held at Cambridge—an innovation which marked an important step forward on the part of the Society.

At the conclusion of the meeting, the following Officers were elected for the coming year:—President, Mr. Tudor Davies, Cardiff and Bridgend; Vice President, Councillor A. E. Pugh, Newport; Hon. Secretary and Treasurer, Mr. Percy H. Walker, Cardiff; Hon. Auditors, Mr. A. Shankland and Mr. J. D. R. Jones.

The following members of the Committee who had retired were re-elected:—Mr. A. E. Pugh, Mr. J. D. Simpson, Mr. C. T. Stephens, Lieut.-Col. R. C. L. Thomas, and Mr. Percy H. Walker. Mr. E. W. Barker, City Treasurer of Cardiff, was elected a member of the Committee.

Mr. Noel Cliffe and Mr. A. Blackburn were co-opted on to the Committee as representatives of the Cardiff and Newport Students respectively.

#### Annual Report.

The Committee presents to the members its report on the activities of the Society for the year ended March 31st, 1934.

#### ALDERMAN C. F. SANDERS, F.S.A.A.

The Committee is glad to have the opportunity of congratulating Alderman C. F. Sanders, F.S.A.A., on the honorary degree of LL.D. conferred on him by the University of Wales in appreciation of his services to education in Cardiff.

#### LECTURES.

The following programme of lectures was arranged jointly by the District Society and the two Student Sections:—

- "Bankruptcy," by Mr. W. J. Back, A.S.A.A.
- "The Services of Accountants in relation to Duties and Liabilities of Executors and Trustees," by Lieut.-Col. R. C. L. Thomas, F.S.A.A. (President, District Society).
- "The Relation between Banker and Customer," by Mr. R. B. Dyer (Manager, Lloyds Bank Ltd., Newport).
- "Income Tax, with Special Reference to the Domicile and Residence of Corporations," by Mr. A. Goldstein, LL.M. (H.M. Inspector of Taxes).
- Mock Shareholders' Meeting,
- "The Law and Practice relating to Company Meetings," by Mr. Albert Crew (Barrister-at-Law).
- "Some Practical Points on Banking," by Mr. H. B. Meredith (Barclays Bank Ltd., Cardiff).
- "The Economics of Costing," by Mr. W. H. Stalker, A.S.A.A. (President, Newcastle-upon-Tyne District Society).
- Joint Debate: "That the reduction in wages delays the return of prosperity."
- "Some Recent Changes in Income Tax Theory and Practice" by Mr. Francis Hole (Fellow of the Institute of Taxation).

In addition to the above lectures, the Student sections again held meetings in connection with the Prize Essay Scheme.

The thanks of the District Society are tendered to the lecturers for their contributions to the success of the session.

#### INTERNATIONAL CONGRESS ON ACCOUNTING.

The District Society was well represented at the International Congress on Accounting held in London last July. The Vice-President of the Parent Society, Mr. R. Wilson Bartlett, J.P., Lieut.-Col. R. C. L. Thomas, Mr. F. J. Alban, and Mr. Percy H. Walker all took part in the discussions on the various papers read to the Congress, and at the request of the Joint Secretaries to the Congress Mr. Walker took the chair at the luncheon on the occasion of the visit of members of the Congress to Hampton Court.

#### EXAMINATIONS.

At the Society's examinations held at Cardiff in 1933, fourteen South Wales students passed the Final, nine the Intermediate, and four the Preliminary.

#### Newport Students' Section.

##### LECTURES AND SHORT PAPERS.

Only one lecture was arranged by the Students' Committee for the session. This was given by Mr. R. B. Dyer, Manager of Lloyds Bank Limited, Newport, on "The Relationship between Banker and Customer." The following short papers were allotted by the Prize Essay Committee, and were prepared and delivered by students: "The Accounts of a Transport Undertaking," by Mr. O. Honeywood.

- "The American Financial Crisis and Afterwards," by Mr. N. Shepherd.
- "Cinema Accounts," by Mr. W. W. Stanley.
- "The Advantages and Disadvantages of the Hire Purchase System from an Economic Point of View," by Mr. C. H. Railton.
- "Secret Reserves," by Mr. A. L. Varmen.
- "Builders' Accounts," by Mr. H. H. Phillips.
- "Losses from an Income Tax Standpoint," by Mr. J. Jacobs.

The prizes were awarded as follows: 1st prize, Mr. O. Honeywood; 2nd prize, Mr. W. W. Stanley.

Mr. R. Wilson Bartlett, F.S.A.A., gave an interesting talk to the students on his recent visit to the U.S.A., and Mr. R. A. B. Heard, A.S.A.A., gave an address on "Shipping." The attendances at meetings and the general standard of papers have improved considerably during this session.

#### ANNUAL DANCE.

The annual dance, held on February 7th, was attended by over 170 Incorporated Accountants, students, and friends.

#### ANNUAL OUTING.

The Newport Students were very fortunate this year in being able to visit the works of Messrs. Cadbury Bros., Ltd., at Bourneville.

#### WEST OF ENGLAND.

##### ANNUAL MEETING.

The annual meeting of the West of England District Society of Incorporated Accountants was held on June 18th, at the Royal Hotel, Bristol. Mr. Sidney Foster presided over a good attendance of members, and in proposing the adoption of the report and accounts, reviewed the activities of the Society, referring particularly to the large increase in the number of students and to the satisfactory attendances at the lectures. He congratulated the successful candidates at the Intermediate and Final examinations held in May and November, and paid tribute to the work of the Hon. Secretary.

The retiring members of the Committee—Mr. H. O. Johnson (Bath), Mr. F. P. Leach (Bristol), and Mr. D. G.

Price (Gloucester)—were re-elected, and Mr. R. F. Emmerson was re-appointed Hon. Auditor.

At a meeting of the Committee, held after the annual meeting, Mr. Sidney Foster was re-elected President, and Mr. F. A. Webber Vice-President.

#### Report.

The Committee have pleasure in presenting the report on the work of the Society for the year ended March 31st, 1934.

#### MEMBERSHIP.

The total membership to date is 349, represented by 63 Fellows, 152 Associates, and 134 Students. This is an increase of 18 over last year.

#### LECTURES.

The following lectures were given:—

##### *At Bristol.*

"Clients' Moneys and Accounts," by Mr. R. A. Witty, F.S.A.A. (Member of Council).

"Debentures," by Mr. E. W. W. Veale, LL.B.

"Alterations of Capital and Reconstructions," by Mr. E. Westby Nunn, B.A., LL.B.

"Income Tax with Special Reference to Sect. 32," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.

"Economics in Real Life," by Mr. C. R. Curtis, B.Sc., Econ.

"Voluntary Liquidations," by Mr. C. A. Sales, LL.B., F.S.A.A.

##### *Mock Creditors Meeting.*

##### *At Gloucester.*

"Alterations of Capital and Reconstructions," by Mr. E. Westby Nunn, B.A., LL.B.

"Economics in Real Life," by Mr. C. R. Curtis, B.Sc., Econ.

"Voluntary Liquidations," by Mr. C. A. Sales, LL.B., F.S.A.A.

##### *At Plymouth.*

"Insurance," by Mr. R. K. Saul, F.C.I.I.

"Trading Losses and Schedule D," by Mr. S. A. Dunn, Inspector of Taxes.

"Receivers for Debenture Holders," by Mr. O. Griffiths, M.A., LL.B., Barrister-at-Law.

"Powers and Duties of Directors," by Mr. C. A. Sales, LL.B., F.S.A.A.

"Recent Development in Banking Theory and Practice," by Mr. C. L. Lawton, B.Sc. (Econ.), A.S.A.A.

"Capital Reductions and Reconstructions," by Mr. C. E. Perry, F.S.A.A.

#### LIBRARY.

Several additions have been made to the library during the year, and the Committee are pleased to note an increased use of the books available.

#### EXAMINATIONS.

At the examinations of the Society held in May and November, 1933, ten students were successful in the Final and thirteen (one of whom obtained Honours) in the Intermediate.

#### OBITUARY.

The Committee record with regret the death of Mr. H. M. B. Ker, of Bridgwater, who had been a member of the Committee since 1909 and President from 1929 to 1932.

#### COMMITTEE.

In accordance with Rule 5 (c) Mr. D. G. Price, F.S.A.A., Gloucester, was elected to fill the vacancy on the Committee caused by the death of Mr. H. M. B. Ker.

The retiring members of the Committee are Mr. H. O. Johnson, Mr. F. P. Leach, and Mr. D. G. Price. They are eligible and offer themselves for re-election.

#### YORKSHIRE.

##### Annual Report.

The Committee have pleasure in presenting the fortieth report to the members.

#### MEMBERSHIP.

The total number of members is 544, including 55 Fellows, 243 Associates, and 246 Student members. The corresponding total last year was 532.

Fifty new members have been enrolled during the past year, and 38 names have been removed from the register owing to death, retirement from practice, or transference to other District Societies.

#### OBITUARY.

It is with much regret that we have to report the death of the following members : Mr. J. W. Carter, F.S.A.A., Past President and Member of the Committee, Mr. G. W. Milnes, F.S.A.A., Mr. J. T. Davidson, F.S.A.A., and Mr. C. H. Goldthorpe, A.S.A.A.

#### LECTURES AND DISCUSSIONS.

Thirteen lectures and meetings were held during the Winter session, eleven at the Hotel Metropole, Leeds, and two at the Y.M.C.A., John William Street, Huddersfield. The average attendance at the meetings was 41 at Leeds and eighteen at Huddersfield.

Interesting and instructive joint meetings were held with the members of The Incorporated Accountants' Bradford and District Society and the Chartered Institute of Secretaries (West Yorkshire Branch).

The following is a full list of the lectures and meetings held during the past session :—

- "Some Impressions of the 4th International Congress on Accounting," by Mr. Thomas Keens, F.S.A.A.
- "Practical Costing," by Mr. R. Glynne Williams, A.C.A.
- "What Your Banker Wants to Know About You," by Mr. F. J. Lewcock, A.I.B., F.R.Econ.S.
- "Income Tax," by Mr. Stanley A. Spofforth, A.S.A.A.
- "Executorship Accounts with regard to Apportionment," by Mr. W. H. Grainger, F.S.A.A.
- "Valuation of Unquoted Shares for Death Duty and other purposes," by Mr. H. A. Perkis, A.S.A.A.
- "Voluntary Liquidation," by Mr. J. H. Bromley, Solicitor, Leeds.
- "Income Tax," by Mr. Victor Walton, F.C.A.
- Joint meeting with the Incorporated Accountants' Bradford and District Society.
- "The Economics of Costing," by Mr. W. H. Stalker, A.S.A.A.
- "The Interpretation of Accounts," by Mr. W. Bertram Nelson, F.S.A.A., F.S.S.
- Joint Meeting with the Chartered Institute of Secretaries (West Yorkshire Branch). Subject : "The Importance of P. & L. A/c compared with Balance Sheet from an Investor's Point of View."

#### LIBRARY.

The number of books issued during the year under review was 502. At the commencement of the Autumn Session a new catalogue of the Library was issued to members. The Huddersfield Branch Library continues to be well used by members in the district, and has proved extremely useful.

#### EXAMINATIONS.

Congratulations are offered to the student members who proved successful at the May and November, 1933, examinations of the Society of Incorporated Accountants and Auditors, especially to Mr. Sidney Jones, who was successful in obtaining the 2nd Place Certificate and Prize at the Society's November, 1933, Final examination, for which he was awarded also the District Society's prize of £5 5s. for the year 1933-34. In addition, seventeen

students passed the Final examination, and 26 passed the Intermediate.

#### EXAMINATION PRIZES FOR STUDENTS.

The following scheme has been instituted for any of our Student members taking Honours at the Society's examinations in future :—

Final examination (1st place) ..	£5	5	0
do. (other place) ..	£2	12	6
Intermediate examination (1st place) ..	£3	3	0
do. (other place) ..	£1	11	6

#### STAFF APPOINTMENTS REGISTER.

A register is kept of members who require situations or appointments in the profession at home or abroad. Members in practice having vacancies on their staffs, or requiring articled clerks, will greatly assist by communicating with the Secretary.

#### DINNER.

The official dinner took place at the Great Northern Hotel, Leeds, on December 13th, 1933. The President, Mr. Thomas Hayes, F.S.A.A., presided over a large gathering of members and guests.

#### COURSES IN ACCOUNTANCY.

Arrangements have again been made with the College of Commerce, Leeds, in conjunction with the Leeds Education Committee, to continue the special classes arranged to cover the Society's examinations over a three years' course. A full syllabus is available at the College of Commerce, Woodhouse Lane, Leeds, or our Secretary's Office, 29, Cookridge Street, Leeds.

#### COMMITTEE.

Under Rule 5 (d) the seats of those members failing to attend at least one-third of the meetings of the Committee are declared vacant. The member retiring under this Rule is Mr. W. Walker. Under Rule 5 (b) one-third of the elected members of the Committee retire, but are eligible for re-election at every annual meeting. The members who retire this year under Rule 5 (b) are : Mr. A. J. Brindley, Mr. H. Derwick, Mr. G. O. W. Pickard, Mr. W. E. Storr, and Mr. A. Walton.

## THE PUBLIC TRUSTEE'S REPORT.

The following is the text of the Report :—

In the absence of Sir Oswald Simpkin through serious illness, it is our duty to present the 26th General Report on his behalf, covering the twelve months ending March 31st, 1934, on the Office of the Public Trustee.

The surplus for the year amounts to £30,276. This surplus is due principally to the general increase in capital values and to the continued exceptional activity in connection with investments, which have more than offset the substantial decline in the receipts from refunded stockbrokers' commission resulting from its reduction by the London Stock Exchange from 50 per cent. to 33½ per cent.

The number of new cases accepted during the year was 994, as compared with 1,071 last year, but their total value, including accretions to existing trusts, was £14,833,329, as compared with £13,231,319 for last year. About 60 per cent. of the new cases were under £5,000 in value.

The total number of cases accepted since the institution of the Office is 31,182, of which 12,601 have been completely distributed, leaving 18,581 under administration. The nominal capital value of the funds now held is

approximately £215,000,000, in addition to landed property of the estimated value of £50,000,000.

The only loss incurred during the year was one of £450, arising out of a payment made in 1924 to a person wrongly regarded as having authority to receive the same on behalf of his principal. Apart from this there have been no complaints of substance during the year.

The Manchester branch has made normal progress.

We have to thank the honorary Investment Advisory Committee (Sir Robert Kindersley, G.B.E., Sir John Mullens, Mr. R. M. Holland Martin, C.B., Mr. H. A. Trotter and Mr. E. L. Gosling) for their help throughout the year.

## Scottish Notes.

(FROM OUR CORRESPONDENT.)

#### A Financial Curiosity.

A circular issued last month by a London financial broker to Scottish Savings Banks made application for a loan of £146 for a Welsh Urban District Council. The term of the loan was for 80 years, and was to be repaid by half-yearly instalments on the annuity principle. The rate of interest offered was about 3½ per cent. It is not known if the issue was over-applied for by the managers of the Scottish Savings Banks, but replies were requested by wire.

#### Scottish Institute of Bankers.

The 59th annual general meeting of the Institute of Bankers in Scotland was held in Edinburgh last month. The results of the examinations showed that 745 candidates presented themselves for the member's certificate and that 361 passed, 330 secured a partial pass, while 54 failed. In the Associates class 557 candidates presented themselves and 245 passed, 263 secured a partial pass, and 49 failed.

In commenting on the statistics detailed in the report, the President, Mr. John T. Leggat, referred to the examination results, and expressed regret at the high percentages of failures in such subjects as history and principles of banking and currency; foreign exchange; and political economy. The reports by the examiners pointed to the fact that too many candidates seemed to rely exclusively on notes supplied by tutorial agencies, the tendency being for these to take the place of serious and concentrated study.

#### Municipal Banking.

While Glasgow is embarking on the experiment of a municipal bank, the report of the second year's working of a municipal bank in a small Scottish town is interesting. The financial statement of the Kilsyth Bank Limited, formed on the municipal bank basis, shows that there was received from depositors £10,015 7s. 1d. and repaid to them £6,549 11s. 3d. The amount due to depositors at the end of the year was £11,882 1s. 4½d., while the Town Council of Kilsyth had an overdraft from the bank of £11,854 16s. 4d., so that practically the whole of the money received from depositors had been loaned to the Town Council. The rate of interest allowed by the Town Council to the bank was 3·685 per cent. Most Scottish local authorities have been able to borrow all the money they required recently at 3 per cent. for periods up to five years, and at a much lower rate for money at short notice.

#### Income Tax—A Priest's Maintenance.

On 13th ult. the First Division of the Court of Session gave judgment in a stated case for the Rev. Canon Wm. Daly, priest-in-charge of St. Andrew's Roman Catholic Mission, Glasgow, against the Commissioners of Inland Revenue. Canon Daly appealed against an assessment

of £300 for 1932-33 made upon him in respect of his maintenance at the Presbytery House of the Mission. For the purpose of the case the value of his maintenance was taken to be £112. The Presbytery House belonged to the Archdiocese of Glasgow, and the income was principally contributed by offertories and collections in church. The appellant paid all expenses by cash or cheque, and when he was not available the bank account was operated on by the Archbishop. The living expenses of the priest-in-charge and his curates, namely, for food and drink, laundry, servants wages, heating and lighting, and all other annual charges in connection with the Mission, were paid out of the Mission money, and each priest-in-charge received therefrom, in addition, a salary of £50 per annum, and each curate a salary of £40 per annum.

On behalf of the appellant, it was contended that the maintenance received by him was not received in cash, and was not convertible into cash; that there was no principle upon which its value could be calculated; that his control of the expenditure was the control of a Trustee and not personal; and that it was not assessable to income tax. The question of law for the opinion of the Court was whether the value of the appellant's maintenance was part of his income assessable to tax under Schedule E. The Court held that the contention of the Revenue failed, and they, therefore, sustained the appeal.

## Notes on Legal Cases.

[The abbreviations at the end of each of the cases refer to the following law reports, where full reports of the case may be found. The Law Reports and other reports are cited with the year and the Division, e.g. (1925) 2 K.B.:—

T.L.R., *Times Law Reports*; *The Times*, *The Times Newspaper*; L.J., *Law Journal*; L.J.N., *Law Journal Newspaper*; L.T., *Law Times*; L.T.N., *Law Times Newspaper*; S.J., *Solicitors Journal*; W.N., *Weekly Notes*; S.C., *Session Cases (Scotland)*; S.L.T., *Scots Law Times*; I.L.T., *Irish Law Times*; J.P., *Justice of the Peace (England)*; L.G.R., *Knight's Local Government Reports*; B.&C.R., *Bankruptcy and Company Cases*.

### COMPANY LAW.

**International Mercantile Marine Company v. Oceanic Steam Navigation Company.**

*Proceedings against Companies.*

Eve (J.) held that proceedings to impeach the actions of companies or their directors, on the ground of *ultra vires* or otherwise, cannot be maintained except by shareholders.

(Ch. ; (1934) L.J.N., 339.)

### EXECUTORSHIP LAW AND TRUSTS.

**Joseph and Another v. Phillips.**

*Bequest of Personal Effects.*

One of the paragraphs in the will of a testator stated: "I bequeath my personal effects in my room, including pictures, roll-top desk, and chiffonier complete with their contents, to my niece E.P." In a drawer in the roll-top desk were three pass-books referring to the testator's deposit accounts in two banks.

It was held that the bequest was only of things which could properly be treated as "personal effects," such as articles of personal or domestic use, clothing, furniture, &c., and did not include money or securities for money, and the pass-books were not within the description of "personal chattels."

(P.C. ; (1934) 50 T.L.R., 385.)

### INSOLVENCY.

**In Re a Debtor (No. 29 of 1931).**

*Priority of Costs.*

Luxmoore (J.) held that the solicitor for a debtor who has successfully appealed from a receiving order may be

given a charging order over costs ordered to be paid to the debtor in priority to other claims against that amount.

(Ch. ; (1934) L.J.N., 356.)

### In Re Landau.

*Payment to Trustee in Bankruptcy.*

By sect. 51 (2) of the Bankruptcy Act, 1914, where the bankrupt is in receipt of an income the Court, on the application of the trustee, shall from time to time make such order as it thinks just for the payment of the income or any part thereof, to the trustee, to be applied by him in such manner as the Court may direct.

A woman, who had been adjudicated bankrupt, was in receipt of maintenance of £1,800 a year under an order made by the Court in divorce proceedings brought by her against her husband in which she was granted a decree.

It was held that the maintenance was, within the meaning of sect. 51 (2), "income" from which a part might, under an order of the Court, be taken by her trustee in bankruptcy and applied for the benefit of her creditors.

(C.A. ; (1934) 50 T.L.R., 403.)

### REVENUE.

**Egyptian House Properties v. Maynards, Limited.**

*Deduction of Income Tax from Rent.*

Under No. VIII, r. 4, of Schedule A of the Income Tax Act, 1918, a person paying rent or any other annual sum to a landlord, owner, or proprietor charged with tax under the Schedule is entitled to deduct and retain thereout the income tax thereon for the period covered by the payment (the just proportion of any sums allowed by the Commissioners being first deducted) and every person to whom such payment is to be made is to allow the deduction.

The lessors of premises let at £550 per annum, but subject at higher rents, and assessed for income tax at £730, claimed that under the above rule the lessees were bound to deduct £47 10s., being the "just proportion" of an allowance under a covenant to execute repairs, from the quarterly instalment of rent before deducting income tax thereon, and that income tax could be deducted only from the balance.

It was held that this claim was incorrect and was expressly contrary to Schedule A, No. VIII, r. 11. The tenant was entitled to deduct the tax from the full amount of the rent. The repairs allowance referred to in r. 4 is to be deducted not from the rent but from the tax.

(Ch. ; (1934) 50 T.L.R., 367.)

**Simpson v. Grange Trust, Limited.**

*Repayment of Tax.*

By sect. 33 (1) of the Income Tax Act, 1918, "Where an insurance company carrying on life assurance business, or any company whose business consists mainly in the making of investments, and the principal part of whose income is derived therefrom claims and proves to the satisfaction of the Special Commissioners that, for any year of assessment, it has been charged to tax by deduction or otherwise, and has not been charged in respect of its profits in accordance with the rules applicable to Case 1 of Schedule D, the company shall be entitled to repayment of so much of the tax paid by it as is equal to the amount of the tax on any sums disbursed as expenses of management (including commissions) for that year. Provided that relief shall not be given under this section so as to make the tax paid by the company less than the tax which would have been paid if the profits had been charged in accordance with the said rules."

It was held that the proviso does not apply to a company which is not capable of being assessed under Case 1 of Schedule D.

(C.A. ; (1934) 50 T.L.R., 389.)